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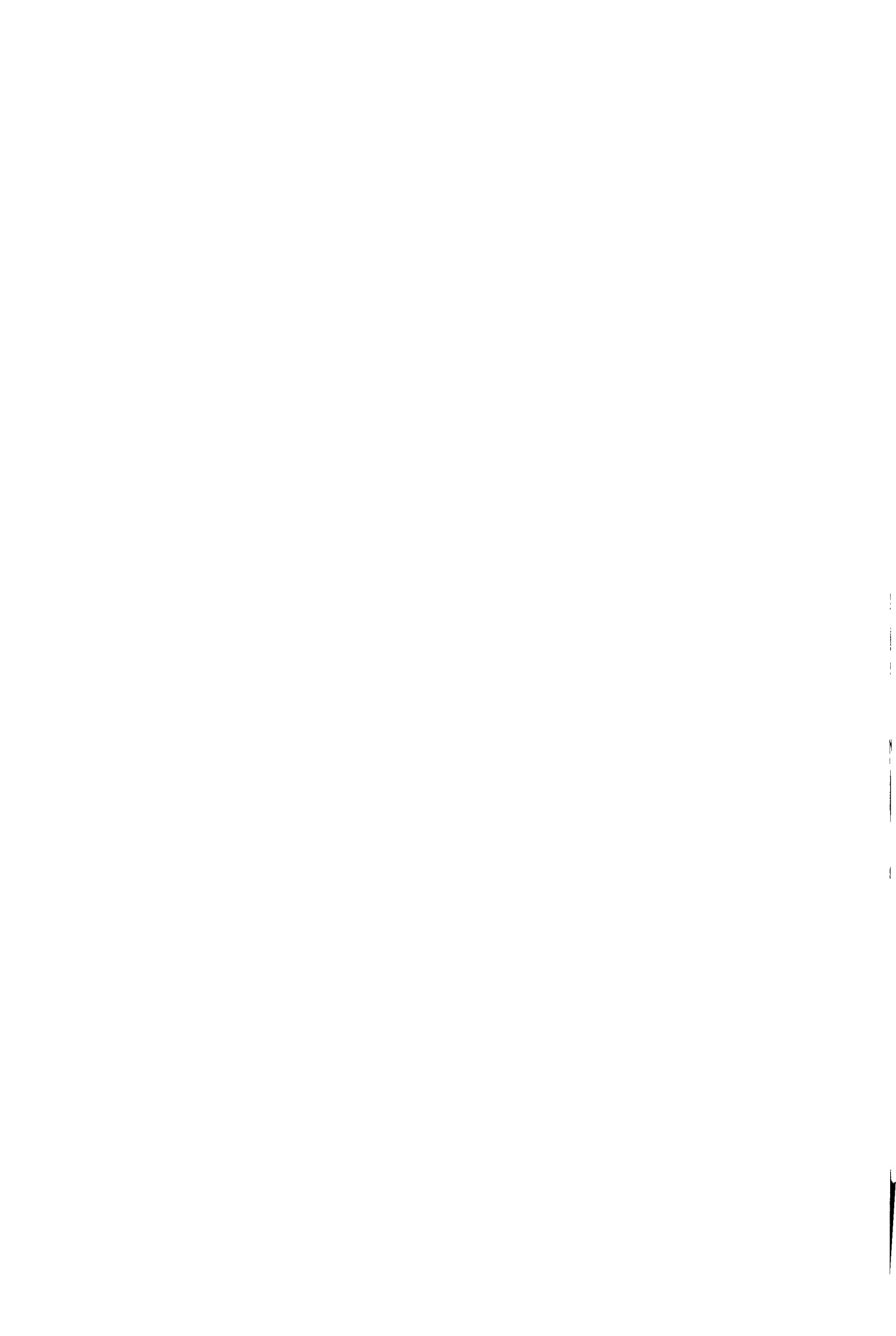
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## REPORT

drawn up on behalf of the Committee on Budgetary Control

on the proposal from the Commission of the European Communities to the Council (COM(85) 467 final - Doc. C 2-105/85) for a regulation (EEC) amending Regulation (EEC) No. 1468/81 on mutual assistance between the administrative authorities of the Member States and cooperation between the latter and the Commission to ensure the correct application of the law on customs or agricultural matters

Rapporteur: Mr H. AIGNER



On 11 November 1985, the President of the European Parliament referred this proposal to the Committee on Budgetary Control as the committee responsible and to the Committee on Agriculture, Fisheries and Food, the Committee on Budgets and the Committee on Economic and Monetary Affairs and Industrial Policy for their opinions.

At its meeting of 19 November 1985, the Committee on Budgetary Control appointed Mr AIGNER rapporteur.

The committee considered the Commission's proposal and the draft report at its meetings of 19 November 1985, 21/22 January 1986 and 24-26 February 1986.

At the last meeting, the committee decided by 21 votes to nil with 8 abstentions to recommend to Parliament that it approve the Commission's proposal with the following amendments.

The committee then adopted the motion for a resolution as a whole by 21 votes to nil with 8 abstentions.

The following took part in the vote: Mr AIGNER, chairman and rapporteur; Mr MARTIN, vice-chairman; Mrs BARBARELLA, Mr BARDONG, Mr COLOM I NAVAL, Mr CORNELISSEN, Mr DANKERT, Mr DIMITRIADIS, Mr DURAN CORSANEGO (deputizing for Mr Escuder Croft), Mr FELLERMAIER, Mr FERNANDES, Mr FRUH (deputizing for Mr Marck), Mrs FUILLET, Mr GARCIA RAYA, Mr GIUMMARRA, Mrs HOFF, Mr MALAUD (deputizing for Mr Mouchel), Mr MIRANDA DA SILVA, Mr PITT, Mr PRICE, Mr ROSA, Mr RYAN, Mr SANCHEZ-CUENCA MARTINEZ (deputizing for Mr Sapena Granell), Mr SCHON, Mr SCHREIBER, Mrs SCRIVENER, Mr SIMPSON (deputizing for Mr Battersby), Mr TOMLINSON (deputizing for Mr Sutra de Germa) and Mr WETTIG.

The opinions of the Committee on Agriculture, Fisheries and Food and the Committee on Economic and Monetary Affairs and Industrial Policy are attached. The opinion of the Committee on Budgets will be submitted at a later date.

The report was tabled on 28 February 1986.

The deadline for tabling amendments to this report will be indicated in the draft agenda for the part-session at which it will be debated.

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The Committee on Budgetary Control hereby submits to the European Parliament the following amendments to the Commission's proposal and motion for a resolution together with explanatory statement:

- I. Proposal for a Council regulation (EEC) amending Regulation (EEC) No. 1468/81 on mutual assistance between the administrative authorities of the Member States and cooperation between the latter and the Commission to ensure the correct application of the law on customs or agricultural matters

Text proposed by the Commission  
of the European Communities

Amendments tabled by the Committee  
on Budgetary Control

Article 1(1)

Amendment No. 1

Article 14a to be amended as follows:

Article 14a

Where the competent authorities of a Member State become aware of cases of abuse or irregularities which seem to have ramifications in other Member States they shall pass on to the Commission as quickly as possible either on their own initiative or at the request of the Commission all the information, particularly in the form of documents or copies or extracts from documents, necessary to determine the facts fully and to establish proof of abuses or irregularities.

Article 14a

Where the competent authorities of a Member States become aware of cases of abuse of irregularities which might have ramifications in other Member States they shall pass on to the Commission as quickly as possible either on their own initiative or at the request of the Commission all the information, particularly in the form of documents or copies or extracts from documents, necessary to determine the facts fully and to establish proof of abuses of irregularities.

Article 1(2) unchanged

Article 1(3), first section, unchanged

Article 1(3), second section

Amendment No. 2

This section to be amended as follows:

Article 15b

1. For the purposes of ensuring that the law on customs or agricultural matters is correctly applied, the Commission may carry out Community administrative and investigative missions in third countries in cooperation with the competent authorities of the Member States.

Article 15b

1. For the purposes of ensuring that the law on customs or agricultural matters is correctly applied, the Commission may carry out Community administrative and investigative missions in third countries and in the Member States in cooperation with the competent authorities of the Member States.

Text proposed by the Commission  
of the European Communities

2. The Community missions referred in paragraph 1 shall be carried out under the following conditions:
- (a) missions may be undertaken on the Commission's initiative or at the request of one or more Member States;
  - (b) missions shall be carried out by Commission officials designated for that purpose and by experts designated for that purpose by the Member State(s) concerned;

- (c) mission expenses shall be paid by the Commission

Amendments tabled by the Committee  
on Budgetary Control

2. The Community missions referred to in paragraph 1 shall be carried out under the following conditions:
- (a) missions may be undertaken on the Commission's initiative or at the request of one or more Member States;
  - (b) missions shall be carried out by Commission officials designated for that purpose and by experts designated for that purpose by the Member State(s) concerned;

Amendment No. 3

Subparagraph (c) to be amended as follows:

- (c) mission expenses for officials and representatives of the Commission shall be paid by the Commission.

Article 1(3), third section, remainder unchanged

Amendment No. 4

Insert a new Article 15c as follows:

Article 15c

The powers granted by Article 15b shall be additional to those which the Commission already possesses, particularly in respect of agricultural matters.

Article 2 unchanged

MOTION FOR A RESOLUTION

on the proposal from the Commission of the European Communities to the Council for a regulation (EEC) amending Regulation (EEC) No. 1468/81 on mutual assistance between the administrative authorities of the Member States and cooperation between the latter and the Commission to ensure the correct application of the law on customs and agricultural matters

The European Parliament,

- having regard to the proposal from the Commission to the Council<sup>1</sup>,
  - having been consulted by the Council (Doc. C 2-105/85),
  - having regard to the report of the Committee on Budgetary Control (Doc. A 2-227/85) and the opinions of the Committee on Agriculture, Fisheries and Food, the Committee on Budgets and the Committee on Economic and Monetary Affairs and Industrial Policy,
  - having regard to the result of the vote on the Commission's proposal,
1. Endorses wholeheartedly the Commission's proposed amendments to Regulation (EEC) No. 1468/81 insofar as they permit more effective cooperation between the administrative authorities of the Member States and the Commission;
  2. Takes the view, however, that these amendments are still inadequate to ensure effective combating of fraud in respect of the Community budget;
  3. Considers that effective combating presupposes joint investigations in Member States by Commission and national officials where there are indications of irregularities;
  4. Considers that the proposal as amended by Parliament strengthens the legal basis for the Commission to set up a flying squad;
  5. Appeals to the Council to adopt this regulation as soon as possible;
  6. Draws attention to Parliament's previous proposals for a flying squad;
  7. Calls on the Commission to adopt, on the basis of Article 149, second paragraph, of the EEC Treaty, the amendments which it has tabled to the Commission's proposal;
  8. Instructs its President to forward to the Council and Commission, as Parliament's opinion, the Commission's proposal as voted by Parliament and the corresponding resolution.

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<sup>1</sup>OJ No. C 267, 18.10.1985

EXPLANATORY STATEMENT

Appropriations to create 18 posts for a 'flying squad' were entered by Parliament in the 1986 Community budget: one A3, nine A7-6, five B5-4 and three C5-4 posts. According to the remarks column accompanying these new items, the appropriations are to fund the operations of a task force - involving in particular the provision of data-processing equipment, inspection missions and meetings with national experts - which is to be set up by the Commission in order to:

- coordinate the various inspections conducted by its departments in line with the legal basis,
- organize inspections in the Member States in cooperation with national experts, who will participate in the task force,
- compile and process information, at a centralized location, on the detection and investigation of fraud,
- take follow-up action in connection with criminal proceedings and the recovery of monies fraudulently obtained.

The task force will eventually comprise 30 A-grade and 40 B-grade officials who will be recruited as specialists in this field.

Parliament has called for a Commission flying squad time and time again. Indeed, during his term as Commissioner for the budget, Mr CHEYSSON gave an assurance to the then Subcommittee on Budgetary Control that such a task force would be set up. Parliament was prompted to formulate this demand by the emergence of criminal acts with the specific aim of defrauding the Community. It seemed appropriate, and necessary, for the Community to have at its disposal a team of national and Community experts to organize and carry out on-site inspections.

The GABERT report<sup>1</sup>, drawn up on behalf of the Committee on Budgetary Control and adopted in April 1984, repeated this call in view of the steadily increasing incidence of Community fraud. In its examination of the quarterly reports on fraud, the Committee on Budgetary Control has very often noted the importance of cooperation between the Commission and national authorities in the detection of fraud, the latest instance of which being the case involving honey from Jamaica.

Invariably, the Council procrastinates for a very long time before adopting legal bases, as has been the case in this instance too, where there is an undisputed need for cooperation, coordinated by the Commission, between national authorities.

<sup>1</sup> Doc. 1-1346/83



The Commission's current proposal concerns amendment of Regulation No. 1468/81, which was adopted by Council in May 1981. The Commission proposal for this first regulation dates back to November 1973; Parliament delivered its opinion on it in December 1973. The regulation provides an organizational basis for mutual assistance between Member States' administrative authorities and for cooperation between these authorities and the Commission in the fight against customs and agricultural fraud, such assistance extending to the provision of information and documentation and special surveillance operations and investigations by way of complementary action.

The Commission has come to believe that additional provisions should be incorporated into the Regulation and proposes that:

1. there be arrangements to ensure exchange of information in cases of fraud affecting several Member States;
2. a team of national and Community experts be formed with a view to organizing and providing mutual assistance;
3. on-the-spot inspections at selected locations in third countries be provided for.

The objective of the Commission proposal is to establish an administrative structure designed to evolve into the task force called for by Parliament. This Commission initiative must be welcomed, though Parliament's initiative in the 1986 budget is more far-reaching and the Commission's draft must be amended accordingly.

Article 15b of the regulation would provide for the Commission to carry out Community administrative and investigative missions, in cooperation with Member State authorities, in not only third countries but also the Member States, with a view to ensuring correct application of the law on customs or agricultural matters.

Finally, it would appear appropriate for the Commission to meet the mission expenses of its immediate representatives only.

OPINION OF THE COMMITTEE ON AGRICULTURE, FISHERIES AND FOOD

Letter from Mr TOLMAN, chairman of the Committee on Agriculture, Fisheries and Food, to Mr AIGNER, chairman of the Committee on Budgetary Control

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28 January 1986

Subject: Proposal from the commission of the European Communities to the Council for a regulation amending Regulation (EEC) No. 1468/81 on mutual assistance between the administrative authorities of the Member States and cooperation between the latter and the Commission to ensure the correct application of the law on customs or agricultural matters (COM(85) 467 final - Doc. C 2-105/85)

Dear Mr Chairman,

The Committee on Agriculture, Fisheries and Food considered the above proposal from the Commission at its meeting of 22-24 January 1986<sup>1</sup>.

The measures proposed by the Commission are essentially intended to extend the arrangement for administrative cooperation in the textile sector to the entire field of customs and agricultural matters covered by Council Regulation (EEC) No. 1468/81, and it is proposed to amend this regulation. The purpose is to enable officials of the Member States and the Commission to make visits which will check on cases of fraud, and assemble evidence for criminal proceedings to be brought against those responsible.

Insofar as the measures concern agricultural matters, the Committee on Agriculture, Fisheries and Food approves the proposal.

Yours sincerely,

Teun TOLMAN  
Chairman

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<sup>1</sup>The following took part in the vote: Mr TOLMAN, chairman; Mr EYRAUD, Mr GRAEFE ZU BARINGDORF and Mr MOUCHEL, vice-chairmen; Mr BATTERSBY, Mr BOCKLET, Mr BORGIO, Mrs CASTLE, Mr CLINTON, Mr COLINO SALAMANCA, Mrs CRAWLEY, Mr CRESPO (deputizing for Mr Madeira), Mr DALSSASS, Mr DEBATISSE, Mr DURAN I LLEIDA, Mr GARCIA RAYA, Mr GATTI, Mr HAPPART, Mr HOWELL (deputizing for Sir Henry Plumb), Mrs JEPSEN, Mr MAHER, Mr MARCK, Mrs MARTIN, Mr MERTENS, Mr MORRIS, Mr HAVARRO VELASCO, Mr NIELSEN, Mr F. PISONI, Mr PROVAN, Mr RAFTERY (deputizing for Mr Fruh), Mr REMACLE (deputizing for Mr Guaracci), Mr ROELANTS DU VIVIER (deputizing for Mr Christensen), Mr ROMEOS, Mr T. ROSSI, Mr SALZER (deputizing for Mr N. Pisoni), Mr THAREAU, Mr VASQUEZ FOUZ, Mr VERNIMMEN, Mr WETTIG and Mr WOLTJER.

OPINION OF THE COMMITTEE ON ECONOMIC AND MONETARY AFFAIRS  
AND INDUSTRIAL POLICY

Letter from Mr SEAL, chairman of the Committee on Economic and Monetary Affairs and Industrial Policy, to Mr AIGNER, chairman of the Committee on Budgetary Control

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19 December 1985

Subject: Mutual assistance between the administrative authorities of the Member States and cooperation between the latter and the Commission to ensure the correct application of the law on customs or agricultural matters (COM(85) 467 final - Doc. C 2-105/85)

Dear Mr Aigner,

At its meeting of 17 and 18 December 1985\* the Committee on Economic and Monetary Affairs and Industrial Policy examined the Commission's proposal concerning mutual assistance between the administrative authorities of the Member States.

Members of the committee noted that the proposal would extend the already existing arrangements for administrative cooperation in the textiles sector in the fight against fraud to the entire field of customs and agricultural matters. Members considered that if controls at certain external borders were less efficient than at others, and if fraud was thus facilitated, it would make Member States less likely to wish to open up the internal borders. A uniform and efficient protection against fraud is thus essential if internal borders are ever to be opened up. For these reasons members approved the draft regulation. Please take this letter as the committee's opinion on the above proposal.

The committee was however of the opinion that, besides the two fields particularly mentioned, cooperation between the authorities of the Member States should be promoted in general and that, therefore, appropriate initiatives should be taken soon.

Yours sincerely

Dr Barry SEAL  
Chairman

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\*The following took part in the vote: Mr SEAL, chairman, Mr BEAZLEY, vice-chairman; Mr BONACCINI, Mr CASSIDY, Mr CHRISTODOULOU (deputizing for Mr Abelin), Mr FILINIS, Mr HERMAN, Mr NOVELLI, Mrs OPPENHEIM, Mrs PATTERSON, Mr RAFTERY, Mr ROGALLA, Mr VISSER (deputizing for Mr Metten), Mr WAGNER and Mr von WOGAU.