

I

(Information)

COURT OF AUDITORS

SPECIAL REPORT No 6/2004

The organisation of the system for the identification and registration of bovine animals in the European Union together with the Commission's replies

(pursuant to the second subparagraph of Article 248(4) of the EC Treaty)

(2005/C 29/01)



Photograph: Animal wearing the two statutory ear tags

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SUMMARY

I. Identifying and registering the bovine herd is an essential prerequisite in guaranteeing the traceability of beef and veal and is also an element in the conditions attached to the various bovine premiums. These premiums amounted to more than 7 000 million euro in 2002 and more than 8 000 million euro in 2004.

II. The main objective of the audit was to evaluate the cattle identification and registration system, at the Commission (design, implementation controls and follow-up) and in the Member States (operational system allowing effective monitoring of animals from birth until slaughter and allowing verification of correct payment of all direct aid). The audit was carried out in the four Member States with the largest bovine herds (Germany, France, Italy and the United Kingdom).

III. The identification system has four components: ear tags, passports, herd registers and the computerised database containing the details of all cattle. This database is one component of the system and was to be operational on 31 December 1999 at the latest.

IV. Cattle identification and registration systems were set up in the four Member States more than two years after the target date of 31 December 1999 and still have some weaknesses. For example, the passports of animals traded between Member States are not monitored, there is no exchange of information between national databases, there are delays in updating the databases and the level of reliability of the information contained in the databases must often be considered inadequate. The main finding is that the cattle identification and registration system that was designed does not guarantee the traceability of intra-Community or extra-Community cattle movements. These movements nevertheless involve approximately three million head of cattle per year (approximately 4 % of the herd).

V. The general framework of the system was laid down by the Parliament and the Council. The Commission was given the task of implementing certain components of the system, but responsibility for implementing the system lies with the Member States. The legislation did not include procedures for Member States to exchange data on cattle movements and the exchange was in any case compromised by the fact that data format varies from one Member State to another. All attempts to reconcile information from the various databases have failed. The Member States interpreted certain elements of Community regulations in different ways, in respect of the deadlines for tagging and reporting, the fundamental concept of 'keeper of bovine animals' and return of animal passports. The Commission was not given responsibility for adopting implementing measures for setting up and checking the databases. This explains, in part, the differences found between the Member States.

VI. The control and penalty systems in place have not been adapted to ensure that they are appropriate to the various keepers of cattle, such as traders, assembly centres or slaughterhouses. In addition, the databases contain certain data, such as retagging rates and delays in registration, which the Member States do not use as control instruments. Control practices also vary greatly from one Member State to another.

VII. As far as checks on the implementation and monitoring of the cattle identification and registration system are concerned, the Commission has interpreted its own role in a restrictive manner and has given no guidance on the setting-up of the databases. No standardised management rules have been issued and no quality indicator has been developed as regards the operation of the databases. The procedures for recognising the 'fully operational character' of the databases are unsatisfactory and the Commission's role is too often limited to confirming the technical existence of the databases, without evaluating their actual operation on the basis of precise management rules or predefined quality indicators.

VIII. The Commission should be given adequate resources to take on a genuine guiding role in the system, in particular by drawing up standardised management rules, quality indicators and a format for the exchange of data between national databases. The exchange of data between Member States, and even with third countries, should be organised with a view to retaining control over intra-Community and extra-Community movements.

IX. The administrative checks applied in the various Member States should also be compared and specifications provided for cross-checks to be carried out between the identification and registration databases and the IACS databases before the various premiums are paid. The system of on-the-spot checks should also be reviewed, including the penalty mechanisms, and specific approaches for the different types of keepers of cattle should be drawn up and an approach imposed which is fully integrated with IACS.

INTRODUCTION

General context

1. The specific regulation concerning the identification and registration of bovine animals ⁽¹⁾ (cattle), on the one hand, establishes a system for the identification and registration of cattle at the production stage and, on the other, creates a specific Community labelling system in the beef sector. These two systems are interdependent: the fact that cattle can be traced by means of the identification and registration system is a prerequisite for guaranteeing the safety of the food chain through the labelling system. Veterinary and health reasons, and some of the requirements relating to the management of a number of Community animal premium schemes, all demand an efficient system of cattle identification and registration.

2. This report focuses on the cattle identification and registration system and does not deal with the labelling of the marketed products. The system comprises ear tags as a means of identifying individual animals, animal passports, individual registers kept on each holding and computerised databases set up by the Member States. The computerised databases, which were to be set up by all Member States by 31 December 1999, are an important part of the system. They must contain all the data on all the movements of all cattle from birth through to slaughter.

3. The computerised databases containing the cattle records were originally set up for veterinary purposes ⁽²⁾, but are also used by premium managers to carry out administrative checks in the

context of the Integrated Administration and Control System (IACS) ⁽³⁾. The cattle identification and registration system, and, especially, the computerised databases containing the cattle records, is thus an important component in the Integrated Administrative and Control System (IACS) for the efficient administration and control of bovine premiums ⁽⁴⁾.

The Court's audit

4. The Court has examined cattle identification and registration on various occasions ⁽⁵⁾. The observations made on the basis of these previous audits confirm that the system for the identification and registration of bovine animals is an essential part of a whole complex of control systems and that shortcomings exist in relation to the approval, management and content of the cattle identification and registration databases.

5. The objective of the audit was to examine the design of the cattle identification and registration system introduced at European Union level (see paragraphs 33 to 46) and to analyse the controls and follow-up carried out by the Commission to verify that the system has been implemented correctly in the various Member States (see paragraphs 47 to 77). The audit also aimed to verify that an effective system for identifying and registering cattle had indeed been established and to evaluate whether, in terms of the underlying principles and implementing rules, the regulations setting up the system made it possible to achieve the prescribed objectives.

⁽¹⁾ Regulation (EC) No 1760/2000 of the European Parliament and of the Council of 17 July 2000 establishing a system for the identification and registration of bovine animals and regarding the labelling of beef and beef products and repealing Council Regulation (EC) No 820/97 (OJ L 204, 11.8.2000, p. 1).

⁽²⁾ The preamble to Regulation (EC) No 820/97 of 21 April 1997 establishing a system for the identification and registration of bovine animals and regarding the labelling of beef and beef products (OJ L 117, 7.5.1997 p. 1) states, 'Whereas Article 3(1)(c) of Council Directive 90/425/EEC of 26 June 1990 concerning veterinary and zootechnical checks applicable in intra-Community trade in certain live animals and products with a view to the completion of the internal market states that animals for intra-Community trade must be identified in accordance with the requirements of Community rules and be registered in such a way that the original or transit holding, centre or organisation can be traced'.

⁽³⁾ Regulation (EC) No 820/97 states, 'Whereas the management of certain Community aid schemes in the field of agriculture requires the individual identification of certain types of livestock; whereas the identification and registration systems must, therefore, be suitable for the application and control of such measures; whereas it is necessary to ensure the rapid and efficient exchange of information between Member States for the correct application of this Regulation'.

⁽⁴⁾ Article 16 of Commission Regulation (EC) No 2419/2001 of 11 December 2001 laying down detailed rules for applying the integrated administration and control system for certain Community aid schemes established by Council Regulation (EEC) No 3508/92 (OJ L 327, 12.12.2001, p. 11).

⁽⁵⁾ Special Report No 4/2001 on the implementation of the integrated administration and control system (OJ C 214, 31.7.2001, p. 1) and Special Report No 14/2001 - Follow-up to Special Report No 19/98 on BSE (OJ C 324, 20.11.2001, p. 1).

6. The audit also evaluated the level of the system's development in four Member States, namely Germany (Bavaria and Saxony), France, Italy and the United Kingdom (Great Britain) (see paragraphs 78 to 91). The aim was to examine the implementation of the system by checking that the proposed system ensures that cattle are traceable on the European level, thus making it possible for all movements of cattle to be tracked from birth or importation from a third country through to slaughter or export from the European Union. In 2002, 64 % of the EU bovine herd was to be found in the four Member States visited and they received almost 59 % of bovine premiums. The audit also took into consideration the Commission's work and, in particular, the reports on inspections in the Member States.

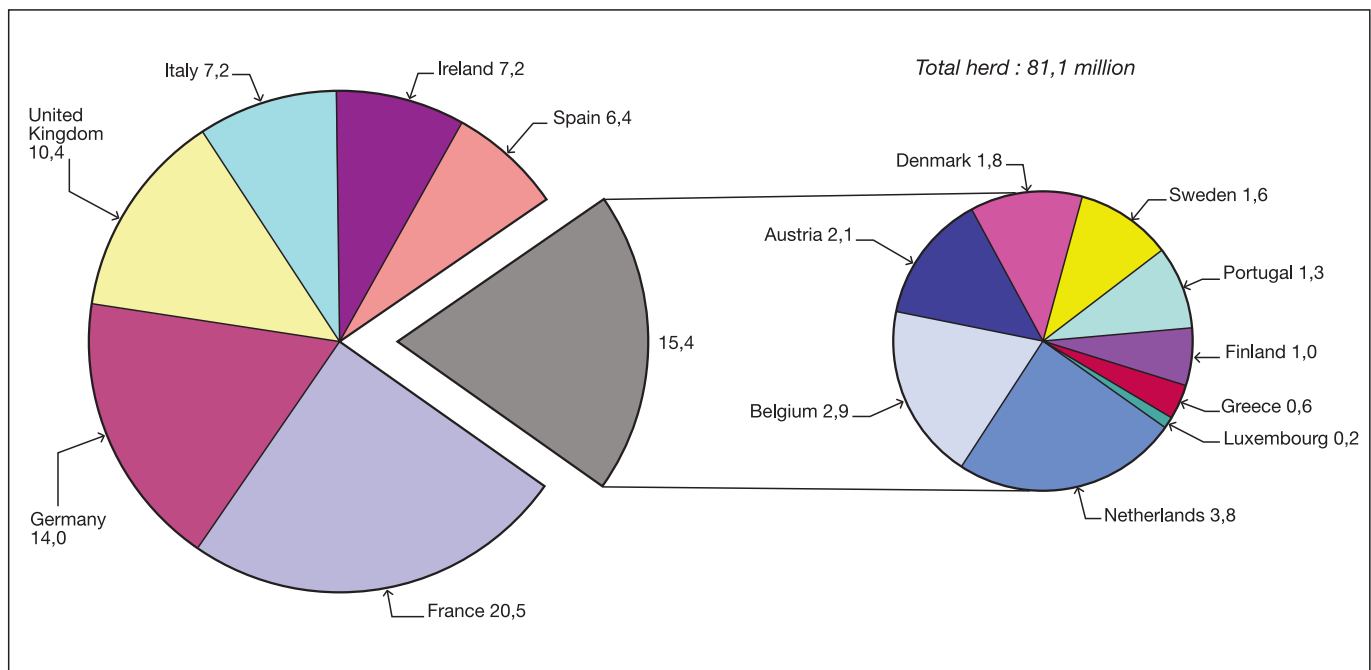
GENESIS AND EVOLUTION OF THE SYSTEM

Size of the bovine sector

7. According to the survey carried out by Eurostat, there were 81,1 million head of cattle in the European Union in May/June 2002 ⁽¹⁾. France, with 20,5 million head, had more than a quarter of the European herd, followed by Germany and the United Kingdom with 14,0 and 10,4 million head respectively, i.e. 17,3 and 12,8 % of the European herd. Italy's herd, like that of Ireland, numbered more than 7,2 million head (8,9 %) and Spain's more than 6 million (see *diagram 1*).

Diagram 1

Overview of EU bovine herd in million head (2002 bovine herd survey)



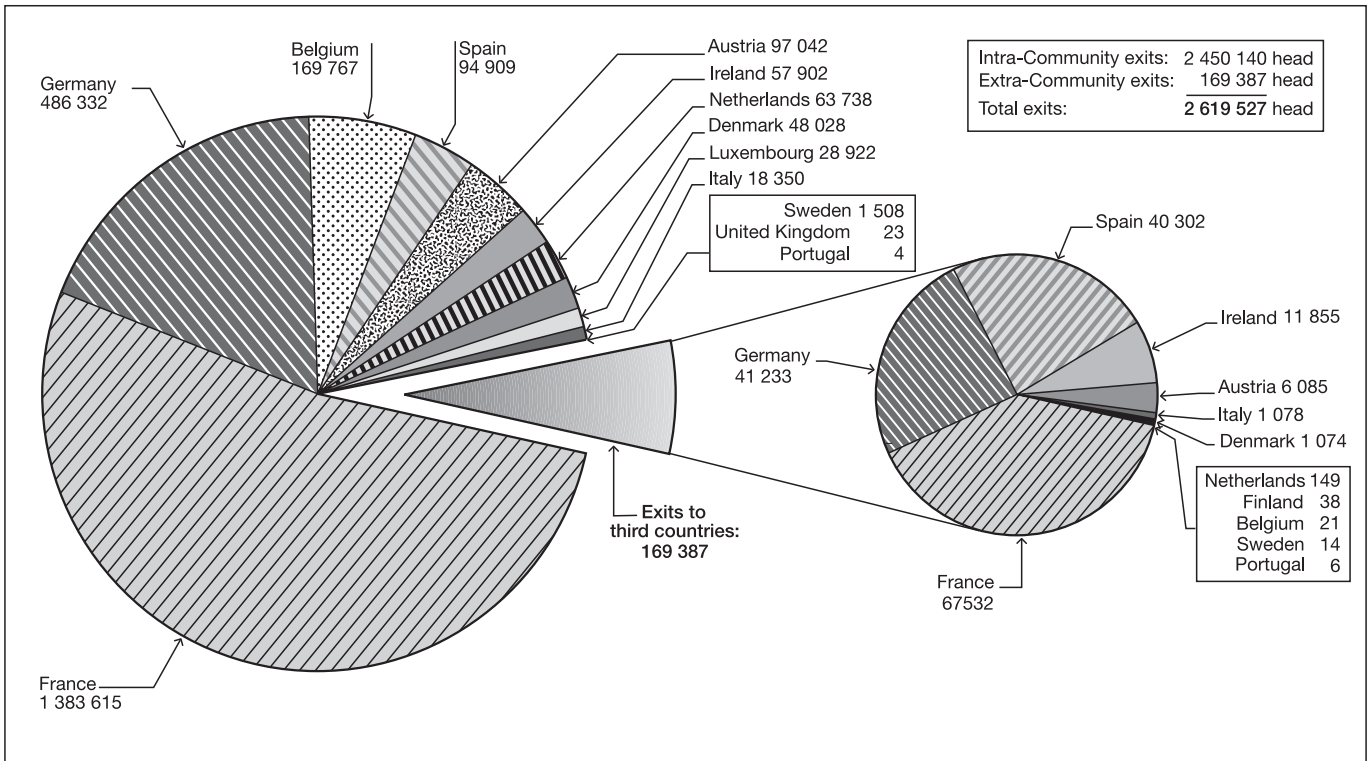
8. Intra-Community movements are relatively extensive, whereas trade with third countries appears more limited. In 2001 almost three million cattle were involved in intra-Community and extra-Community trade, which represents around 4 % of the European herd (see *diagrams 2 and 3*). According to the information available, exits of cattle were very considerable in the case of France (1,4 million animals) and Germany (0,5 million animals). These two Member States account for more than 75 % of exits to other Community countries. In contrast, exits of animals to other Member States involved fewer than 25 animals in the case of Finland, the United Kingdom, Portugal and Greece. The same phenomenon was observed in the case of entries, where Italy (1,3 million animals), Spain (0,5 million), the Netherlands (0,4 million) and France

(0,2 million) recorded 93 % of entries from other Member States. The 11 other Member States registered less than 7 % of intra-Community entries. The variations observed in respect of cattle flow are a reflection of the specific characteristics of the beef and veal sector in the different Member States. For example, France is renowned for the large number of beef farms specialising in the production of young animals for sale to other Member States, where they are fattened. Italy, which has a deficit in beef, is a particular case in point.

⁽¹⁾ Eurostat, Statistics in Focus, Agriculture and Fisheries, Theme 5 - 10/2001, bovine herd survey of November/December 2000.

Diagram 2

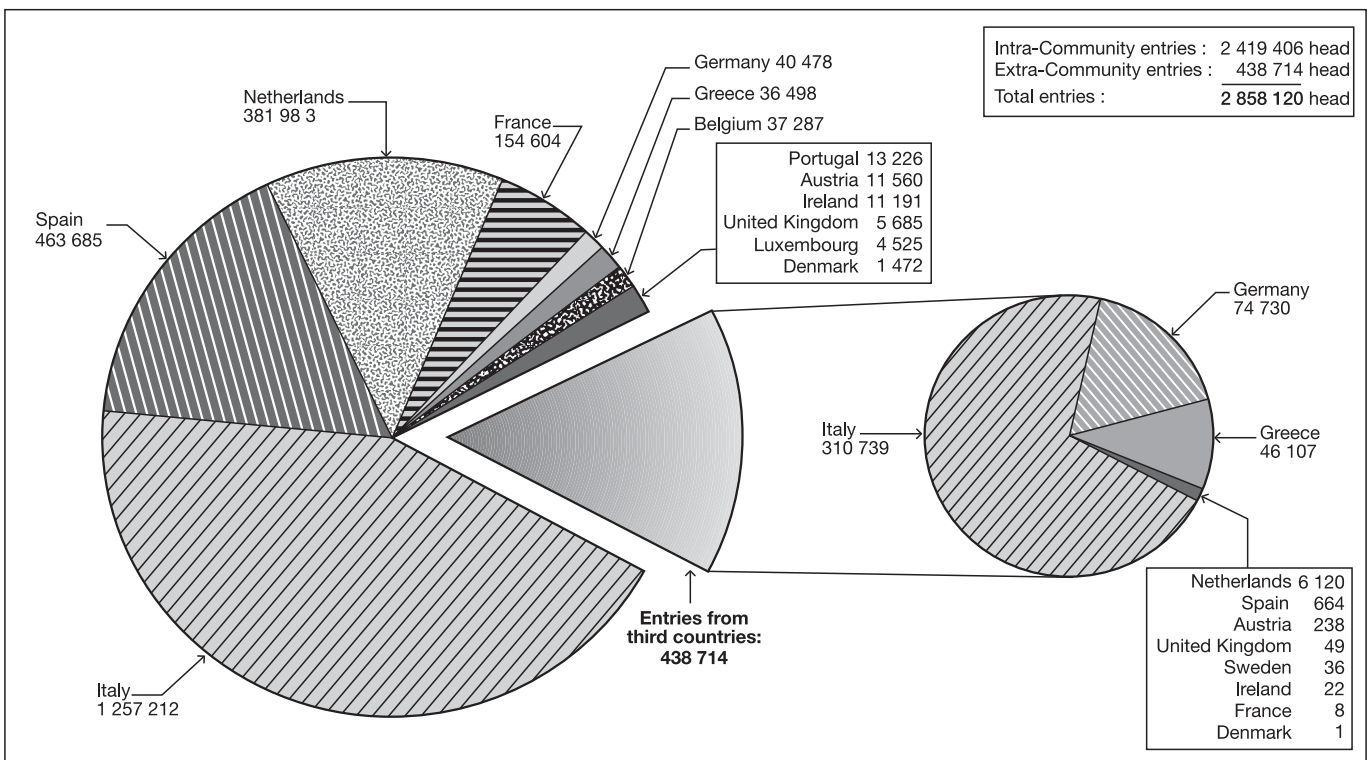
Exits of cattle to other Member States and third countries
 Situation in 2001 (number of head)



Source: Comext database (extracted in January 2003).

Diagram 3

Entries of cattle from other Member States and third countries
 Situation in 2001 (in number of head)



Source: Comext database (extracted in January 2003).

9. Budgetary expenditure on the common organisation of the market in beef and veal, which is constantly increasing, came to 4 600 million euro, i.e. 11,5 % of total expenditure on agriculture, in 1999, and to 7 100 million euro, i.e. 16,4 % of agricultural expenditure, in 2002. The budget provision for 2004

totalled 8 100 million euro, i.e. 17,2 % of total expenditure on agriculture (see table 1). This rapid growth in expenditure in recent years is the result of the increase in direct aid and the introduction of new forms of aid, such as the slaughter premium.

Table 1

Expenditure on beef/veal 1999 to 2004

(million euro)

Budget heading	Categories of expenditure	1999 expenditure	2000 expenditure	2001 expenditure	2002 expenditure	2003 Budget	2004 Budget
B1-210	<i>Export refunds on beef/veal</i>	594,9	661,3	362,6	386,7	534,0	396,0
B1-211	<i>Intervention storage of beef/veal</i>	- 36,6	- 82,7	325,8	104,1	- 1,0	- 33,0
	<i>Direct aid</i>						
B1-2120	Suckler cow premium	1 594,7	1 565,9	1 705,3	1 888,3	2 060,0	2 060,0
B1-2121	Additional premiums for suckler cows	63,3	62,5	71,6	70,9	97,0	97,0
B1-2122	Special premiums for male bovine animals	1 297,3	1 299,3	1 530,0	1 748,4	1 967,0	1 959,0
B1-2123	Deseasonalisation premiums	23,7	2,6	0,0	0,0	0,0	0,0
B1-2124	Slaughter premiums			493,7	1 024,8	1 710,0	1 750,0
B1-2125	Extensification premiums	714,2	715,5	913,8	942,6	1 018,0	1 020,0
B1-2128	Additional payments			147,8	295,3	483,0	483,0
	<i>Subtotal</i>	3 693,2	3 645,8	4 862,2	5 970,3	7 335,0	7 369,0
	<i>Direct aid in connection with BSE</i>						
B1-2124	Processing premiums for young male calves	76,1	8,4	0,0	0,0	0,0	0,0
B1-2126	Exceptional support measures	218,7	292,5	245,6	242,4	344,0	327,0
B1-2127	Compulsory slaughter programme	11,4	20,9	54,8	68,3	100,0	100,0
B1-2128	Early slaughter premiums for calves	35,6	0,0	0,0	0,0	0,0	0,0
B1-2129	Other intervention	0,0	1,6	212,4	329,4	100,0	10,0
	<i>Subtotal</i>	341,8	323,4	512,8	640,1	544,0	437,0
B1-219	<i>Other interventions</i>	- 14,7	- 8,3	- 9,4	- 29,3	- 8,0	- 8,0
B1-21	Total beef/veal	4 578,6	4 539,5	6 054,0	7 071,9	8 404,0	8 161,0
	<i>Direct aid as a percentage of total expenditure on beef/veal</i>	80,7 %	80,3 %	80,3 %	84,4 %	87,3 %	90,3 %
B1	Total expenditure on agriculture (not including monetary reserve)	39 540,8	40 466,7	42 083,3	43 214,3	44 780,5	44 761,4
	<i>Expenditure on beef/veal as a percentage of total expenditure on agriculture</i>	11,6 %	11,2 %	14,4 %	16,4 %	18,8 %	18,2 %

Source: 1999 to 2002: Financial reports on EAGGF-Guarantee expenditure; 2003: Budget; 2004: Preliminary draft budget.

10. Expenditure linked to direct aid rose from 3 700 million euro in 1999 to 6 000 million euro in 2002, i.e. 80,7 % and 84,4 % respectively of total expenditure on beef and veal. The budget for 2004 provides for a further increase in direct aid to 7 300 million euro, i.e. 90,2 % of total expenditure on beef and

veal. Table 2 shows the distribution of direct aid between the various Member States in 2002, while table 3 shows the distribution between the Member States, in 2002, of direct aid in connection with BSE.

Table 2
Direct aid paid in 2002 for bovine animals, by Member State

Budget heading	Category of expenditure	(million euro)															
		BE	DK	DE	EL	ES	FR	IE	IT	LU	NL	AT	PT	FI	SE	UK	EU-15
B1-2120	Suckler cow premium	70,5	19,5	105,4	27,9	251,4	670,2	218,0	94,3	3,3	9,3	54,8	50,1	5,0	24,9	283,7	1 888,3
B1-2121	Additional premiums for suckler cows	19,4	0,0	0,0	0,0	28,7	1,8	0,0	6,8	0,0	0,0	0,1	6,6	0,3	0,0	7,2	70,9
B1-2122	Special premiums for male bovine animals	43,3	38,2	312,5	27,2	130,4	343,3	251,7	74,4	3,6	18,3	52,9	31,9	36,6	41,5	342,6	1 748,4
B1-2124	Slaughter premiums	34,1	31,0	195,2	6,0	95,6	218,4	93,5	79,4	3,7	66,4	32,4	17,0	17,7	22,6	111,8	1 024,8
B1-2125	Extensification premiums	3,1	6,2	52,6	20,1	153,7	240,1	144,5	15,1	1,0	1,2	43,5	30,2	17,7	29,0	184,6	942,6
B1-2128	Additional payments	26,1	7,9	55,8	2,1	21,0	60,2	20,2	23,8	0,0	16,7	7,9	3,9	4,1	5,5	40,1	295,3
	Total	196,5	102,8	721,5	83,3	680,8	1 534,0	727,9	293,8	11,6	111,9	191,6	139,7	81,4	123,5	970,0	5 970,3
	As a percentage of Member State's expenditure	3,3 %	1,7 %	12,1 %	1,4 %	11,4 %	25,7 %	12,2 %	4,9 %	0,2 %	1,9 %	3,2 %	2,3 %	1,4 %	2,1 %	16,2 %	100,0 %

Source: Commission document of 11.12.2002 - EAGGF-Guarantee expenditure 16.10.2001 - 15.10.2002 (AGRI/72/2002).

% of total direct aid received by Germany, France, Italy and United Kingdom	58,9 %
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Table 3
Direct aid paid in 2002 in connection with BSE, by Member State

Budget heading	Category of expenditure	(million euro)															
		BE	DK	DE	EL	ES	FR	IE	IT	LU	NL	AT	PT	FI	SE	UK	EU-15
B1-2126	Exceptional support measures	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	242,4	242,4
B1-2127	Compulsory slaughter programme	0,0	0,0	0,0	0,0	0,0	38,3	29,4	0,0	0,0	0,0	0,0	0,6	0,0	0,0	0,0	68,3
B1-2129	Other interventions	6,9	1,7	46,6	1,1	23,3	165,1	80,9	0,0	3,4	- 2,3	0,3	2,4	0,0	0,0	0,0	329,4
	Total	6,9	1,7	46,6	1,1	23,3	203,4	110,3	0,0	3,4	- 2,3	0,3	3,0	0,0	0,0	242,4	640,1
	As a percentage of Member State's expenditure	1,1 %	0,3 %	7,3 %	0,2 %	3,6 %	31,8 %	17,2 %	0,0 %	0,5 %	- 0,4 %	0,0 %	0,5 %	0,0 %	0,0 %	37,9 %	100,0 %

Source: Commission document of 11.12.2002 - EAGGF-Guarantee expenditure 16.10.2001 - 15.10.2002 (AGRI/72/2002).

% of total direct aid received by Germany, France, Italy and UK in connection with BSE	76,9 %
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Setting up the cattle identification and registration system – background and justification

11. Well before 1992, a number of Member States had set up cattle identification and registration systems on their own initiative. These national systems did not guarantee that the identification numbers were unique, with the result that several animals in the same Member State could have the same identification number. Originally, these national identification systems were set up mainly in response to veterinary concerns and were not designed to fulfil the objectives of traceability, in the strict sense of the word.

12. The reform of the common agricultural policy (CAP) in 1992 appreciably increased existing direct aid, such as premiums for male cattle and the suckler cow premiums, and introduced new ones such as the deseasonalisation premium ⁽¹⁾ and the extensification premium ⁽²⁾. A new system for cattle identification and registration was introduced at that time to make more efficient control of budgetary expenditure possible and to avoid undue payment of premiums.

13. The 1992 reform thus made provision for the simultaneous introduction of a compulsory cattle identification and registration system ⁽³⁾ and the Integrated Administration and Control System (IACS) and required cross-checks ⁽⁴⁾ between these databases with the aim of checking the direct payments made. The identification and registration system should have been operational on 1 October 1993 and the IACS databases on 1 January 1997. The majority of Member States complied with neither of these deadlines.

14. Animal health problems, and the first BSE crisis in particular, in 1996, led the Council to review the provisions governing cattle identification and registration and to demand traceability of cattle from birth to slaughter and from slaughterhouse to product distributor. In 1997 the Council therefore decided to reinforce the legislation and to replace the Directive with a Regulation ⁽⁵⁾ setting out three main phases in order to achieve the

intended objective. As from 1 January 1998, all cattle born, imported or intended for intra-Community trade were to be given an identification number and registered. As from 31 December 1999 fully operational computerised databases were to make it possible to trace cattle from birth to slaughter or death, and on 1 January 2000 a compulsory labelling system was to be introduced for beef.

15. Due to the difficulties encountered by the Council and Parliament in defining labelling standards and the practical constraints pointed out by distributors, the deadline of 1 January 2000 for the implementation of a compulsory labelling system for beef was postponed until 1 January 2002 ⁽⁶⁾.

16. The introduction of new premiums (slaughter premiums and additional payments ⁽⁷⁾), in the context of the Agenda 2000 reform, made suckler cows eligible for one or more forms of direct aid. According to the new market rules, only identified and registered animals qualify for the direct payments provided ⁽⁸⁾.

17. In addition, cattle identification and registration, and the traceability which should be the result, are relevant to all expenditure for beef and veal ⁽⁹⁾, including expenditure on public storage and export refunds. In fact, public storage and refunds can only be granted for beef and beef products which are labelled in such a way that a link can be established with the initial identification of the animal ⁽¹⁰⁾.

What is the cattle identification and registration system?

18. The key components of the system are ear tags for individual identification of animals, animal passports, the individual registers kept on each holding and the computerised databases set up in every Member State.

⁽¹⁾ The aim of the deseasonalisation premium is to encourage slaughter of cattle outside the annual 'off-grass' period. The premium is designed to avoid too great a number of beef animals being slaughtered during one and the same period, which could disturb the stability of the market and lead to a fall in prices.

⁽²⁾ The aim of the extensification premium is to avoid the necessity of developing production methods which are too intensive by making premiums linked to fattening dependent on compliance with a maximum density factor for animals kept on the farm.

⁽³⁾ Council Directive 92/102/EEC of 27 November 1992 on the identification and registration of animals (OJ L 355, 5.12.1992, p. 32).

⁽⁴⁾ Council Regulation (EEC) No 3508/92 (OJ L 355, 5.12.1992, p. 1).

⁽⁵⁾ Council Regulation (EC) No 820/97.

⁽⁶⁾ The 1997 Regulation was replaced by Regulation (EC) No 1760/2000.

⁽⁷⁾ This concerns additional payments paid from the Community budget, which the Member States may decide to grant beef producers and which are calculated per head and/or according to area subject to objective criteria, such as production conditions and structures.

⁽⁸⁾ Article 21 of Council Regulation (EC) No 1254/1999 of 17 May 1999 on the common organisation of the market in beef and veal (OJ L 160, 26.6.1999, p. 21).

⁽⁹⁾ This system also affects the rural development sector expenditure based on per capita payments for cattle. It also applies to expenditure in connection with slaughtering carried out in the context of the foot and mouth crisis.

⁽¹⁰⁾ Article 13(1) of Regulation (EC) No 1760/2000.

19. All animals born on farms after 31 December 1997, or traded within the Community after this date, are identified by tags approved by the competent authority, attached to each ear. The

two ear tags bear the same unique identification code, which makes it possible to identify each animal individually, together with the holding where it was born (see *photograph 1*).



Photograph 1: Ear tags, French (top left), British (top right) and German (bottom)

20. This core information ⁽¹⁾ is included in the passports, in the registers and in the computerised databases.

14 days of notification of its new identification. When an animal is moved, its passport accompanies it. In addition to the core data, the passport also provides additional information ⁽²⁾ (see *photograph 2*).

21. As from 1 January 1998, for every animal that is to be identified the competent authority in the Member State issues a passport within 14 days of notification of the animal's birth or, in the case of animals imported from third countries, within

⁽²⁾ The mother's identity code (or, in the case of an animal imported from a third country, the identity number allocated on entry, which is based on its original identification number), the number of the farm of birth, the identification numbers of all the farms on which the animal has been kept and the dates of every movement, the signatures of the various keepers, the name of the authority which issued the passport, the passport's date of issue and, for male cattle, information concerning the animal's status in respect of premiums.

⁽¹⁾ The identity code of the animal, its date of birth, gender, breed or information on the animal's coat.

Ausgebende Stelle im Freistaat Bayern: Landeskuratorium der Erzeugerringe für tierische Veredelung in Bayern e.V.  <i>Ranner</i> Ranner Haydnstraße 11, 80336 München Datum der Ausgabe: 14.01.02		Rinderpass gemäß § 24 h der Viehverkehrsverordnung		01097052411
			Ohrmarkennummer DE 09 399 97 777	
			Registrier-Nr. nach § 24 b Viehverkehrsverordnung 09 162 000 0673	
Tierhalter (Name, Vorname, Anschrift) LKV Haydnstr. 11 80336 München		2. Herkunft des Tieres, sofern nicht aus dem Geburtsbetrieb: Aus folgendem Mitgliedstaat der EU: Aus folgendem Drittland eingeführt: Vom Drittland vergebene Ohrmarkennummer:		
1. Tierdaten Geburtsdatum: 15.12.01  Geschlecht: WEIBLICH Rasse: FLECKVIEH Ohrmarkennummer des Muttertieres: DE 09 12345678		3. Datum der Schlachtung, Verendung oder Tötung des Tieres: <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		
		4. Sonderprämie für männliche Rinder beantragt oder gewährt: ¹⁾ nein <input type="checkbox"/> ja <input type="checkbox"/> 1. Altersklasse/ Einmalprämie <input type="checkbox"/> ¹⁾ 2. Altersklasse <input type="checkbox"/> ¹⁾		
5. Bestätigung der Angaben zu 1. und 2.		Stempel/Unterschrift d. Prämienbehörde <input type="checkbox"/> 1) Von der Prämienbehörde auszufüllen		
		Ort, Datum <input type="text"/> Unterschrift des Tierhalters <input type="text"/>		

<p>Cattle Id:</p> <p>UK A1234 60604</p> <p>Applicant's address:</p> <p>MR M SMITH IVY FARM SHEBTON WOOLER NORTHUMBERLAND NT1 1AB</p> 	<p style="text-align: center;"> British Cattle Movement Service</p> <p style="font-size: 2em; font-weight: bold; text-align: center;">SAMPLE</p>
<p>This is a Cattle Passport, which should be kept in a safe place. Please sign the first box in the 1st Movement Summary section.</p> <p>Please detach this cover. If the address shown is incorrect, please complete the back of this page and return this slip to the BCMS Correspondence Address.</p>	

PASSEPORT DU BOVIN						
N° DE TRAVAIL	CODE PAYS	N° NATIONAL	SEXE	TYPE RACIAL	DATE DE NAISSANCE	N° 10624*01
	BE	N° Pays origine				
N° D'EXPLOITATION DE NAISSANCE	N° D'EXPLOITATION D'ÉDITION	CODES TYPES RACIAUX DES PARENTS		DATE D'ÉDITION	N° NATIONAL DE LA MÈRE	
Pays BE	n° cheptel détenteur					
EMPLACEMENT D'IMPRESSION DU CODE À BARRÉS						Prime Spéciale aux Bovins Mâles ya = Durchlöcherung nu = Ausdrücken oui = perforation si = perforazione no = non perforazione 1 ^{re} tranche (demande ou octroi) 2 ^{ème} tranche (demande ou octroi)
Echangé						
e N° Fictif						
En l'absence de l'attestation sanitaire ou du laissez-passer sanitaire délivré par le Directeur des Services Vétérinaires, ce bovin ne peut pas circuler						
EMPLACEMENT RÉSERVÉ À L'APPOSITION DE L'ATTESTATION SANITAIRE OU DU LAISSEZ-PASSER SANITAIRE						
Coller en A et B les extrémités de l'attestation sanitaire ou du laissez-passer sanitaire						

Photograph 2: Cattle passports: German (top - one page, recto verso), British (middle - page one of a book of 17 pages) and French (bottom - one page, recto verso)

22. Every keeper of animals, with the exception of transporters, must keep an up-to-date register ⁽¹⁾.

23. The computerised cattle databases were to be operational in all Member States on 31 December 1999 and were to contain various items of information on the animals and holdings. For every animal, the database includes the identification code, date of birth, gender, breed or information on the animal's coat, together with the identification code of the mother (or, in the case of animals imported from third countries, the identification number given on entry, which is linked to the original identification number), the identification number of the holding of birth, the identification numbers of all the holdings where the animal has been kept and the date of each movement. The database also includes the date of slaughter or death. For every holding, the database contains the name and address of the keeper and an identification number consisting of a code of a maximum of 12 characters in addition to the country code.

24. The database must make it possible to find, at any given time, the identification numbers of all the cattle on a given holding, and all the movements of all the animals from birth or, in the case of animals imported from third countries, from the holding of entry ⁽²⁾, into the Member State.

25. To ensure proper implementation of the identification and registration system, the competent authority in each Member State must carry out a minimum number of on-the-spot checks ⁽³⁾, with the aim of verifying the identity of all animals on a holding. These checks include a physical check, in order to verify the ear tags, a documentary check to verify that the register has been kept properly and that documentary evidence of entries and exits exists, as well as checks that the obligation to report all movements (births, deaths, purchases, sales, loans) to the database manager has been met. The farmers to be checked are selected on the basis of a risk analysis. The rules provide for penalties which are proportionate to the gravity of the infringements discovered ⁽⁴⁾. Box 1 below summarises the penalties to be applied in connection with the infringements discovered.

⁽¹⁾ In addition to the basic information contained in all forms of the record, the register also contains the dates of arrival on, departure from or death on the farm, the names and addresses of the keepers of origin and destination or their identification codes, together with the name and dated signature of the representative of the competent authority which verified the register.

⁽²⁾ The holding of entry is the agricultural holding which keeps the animal immediately after its arrival on the territory of the European Union.

⁽³⁾ Commission Regulation (EC) No 2630/97 of 29 December 1997 laying down detailed rules for the implementation of Council Regulation (EC) No 820/97 as regards the minimum level of controls to be carried out in the framework of the system for the identification and registration of bovine animals (OJ L 354, 30.12.1997, p. 23). Regulation (EC) No 2630/97 was replaced by Regulation (EC) No 1082/2003 (OJ L 156, 25.6.2003, p. 9).

⁽⁴⁾ Commission Regulation (EC) No 494/98 of 27 February 1998 laying down detailed rules for the implementation of Council Regulation (EC) No 820/97 as regards the application of minimum administrative sanctions in the framework of the system for the identification and registration of bovine animals (OJ L 60, 28.2.1998, p. 78).

Box 1

If, for some animals, the identification and registration requirements are not fully complied with, a restriction is imposed on the movement of those animals until the requirements have been fully complied with.

If the number of animals for which the identification and registration requirements are not fully complied with is in excess of 20 % of the herd, a restriction is imposed on the movement of all the animals present on the holding.

If a keeper fails to report movements, births or deaths, a restriction on movement of animals to and from that holding is imposed.

If one or more animals on a holding comply with none of the identification and registration provisions laid down, a restriction is imposed on movement of all animals to and from that holding.

If the keeper of an animal cannot prove its identity within two working days, the animal must be destroyed without delay under the supervision of the veterinary authorities and without compensation.

26. The Member States with computerised databases which the Commission has deemed to be fully operational may decide to discontinue issuing passports for movements of cattle within the Member State concerned; in this case, only cattle intended for intra-Community trade are required to have a passport containing data based on the computerised database ⁽⁵⁾. The Member States may also reduce the rate of on-the-spot checks from 10 to 5 % ⁽⁶⁾, if they have a fully operational database which enables them to carry out effective cross-checks.

ROLES AND LEGAL OBLIGATIONS OF THE VARIOUS PARTIES INVOLVED IN THE CATTLE IDENTIFICATION AND REGISTRATION SYSTEM

The Council and the European Parliament

27. In respect of the protection of human health ⁽⁷⁾, the Council and the European Parliament adopt the basic regulations following a proposal by the Commission. In the case of agriculture, the Council adopts regulations and directives proposed by the Commission after consultation with the European Parliament.

⁽⁵⁾ Article 6(3) of Regulation (EC) No 1760/2000.

⁽⁶⁾ Article 2(2) of Commission Regulation (EC) No 2630/97.

⁽⁷⁾ Article 152(4)(b) of the Treaty establishing the European Community.

The Commission

28. Basic Regulation (EC) No 1760/2000 ⁽¹⁾ stipulates that the Commission is to be assisted by a management committee made up of representatives of the Member States (EAGGF Committee ⁽²⁾) when taking the necessary measures to implement the system and, in particular, the provisions concerning ear tags, passports and registers, the minimum checks to be carried out, the application of administrative sanctions and the transitional arrangements. In addition, the basic regulation ⁽³⁾ also specifies that the Commission's experts, together with the competent authorities, must, on the one hand, verify that the Member States comply with the legislation and, on the other, carry out on-the-spot checks in order to verify that controls are implemented in conformity with the rules in force. Within this framework, the Commission is assisted by the Standing Committee on the Food Chain and Animal Health ⁽⁴⁾. Where the Commission deems it appropriate, in view of the findings arising from the checks, the situation is reviewed by the committee. The Commission may adopt the necessary decisions. The Regulation also stipulates that the Commission is to monitor developments in the situation and may, where necessary, amend or repeal decisions.

The Member States

29. It is the responsibility of each Member State to set up a system for identifying and registering cattle in accordance with the provisions of legislation. The Member States define and administer the ear tags, define the format of the farm registers and issue the animal passports.

30. The Member States lay down the procedures for declaring cattle movements in order to keep their national databases up to date. These procedures are either manual (report forms) or automated (transfer of files, Internet connection, etc).

31. The Member States are also obliged to carry out checks on keepers of cattle and to draw up an annual report on the findings of these checks. This report must be submitted to the Commission.

⁽¹⁾ Article 10 of Regulation (EC) No 1760/2000.

⁽²⁾ The committee referred to in Article 11 of Council Regulation (EC) No 1258/1999 (OJ L 160, 26.6.1999, p. 103).

⁽³⁾ Articles 22 and 23 of Regulation (EC) No 1760/2000.

⁽⁴⁾ The committee referred to in Article 62(2) of Regulation (EC) No 178/2002 of the European Parliament and of the Council (OJ L 31, 1.2.2002, p. 1).

The various keepers of cattle

32. In relation to cattle, 'keeper' means any natural or legal person responsible for the animals, whether on a permanent or on a temporary basis, including during transport or at a market. With the exception of transporters, every keeper must report to the competent authority all movements to and from the holding and all births and deaths. Keepers must also maintain an up-to-date register, make entries in the passports, attach ear tags at birth and re-tag if the tags are lost ⁽⁵⁾.

FINDINGS CONCERNING THE DESIGN OF THE SYSTEM AT COMMUNITY LEVEL

Introduction

33. The legislative system adopted in respect of cattle identification and registration must be appropriate to the objectives to be achieved. If the objective is to be able to track all cattle movements on the territory of the European Union, the legislative framework must be appropriate to this objective.

34. The basic legislation governing the identification and registration of cattle is drafted in general terms and leaves the responsibility for setting up the system, on their own territory, to the Member States. The Commission has adopted implementing measures in respect of ear tags, passports, registers, controls ⁽⁶⁾ and penalties ⁽⁷⁾, but not in respect of the computerised databases.

Legislation makes no provision for exchanges of information between the databases

35. Community legislation sets out the measures required for veterinary and zootechnical checks. Regulation (EC) No 1760/2000 requires Member States to take the necessary

⁽⁵⁾ Articles 2 and 7 of Regulation (EC) No 1760/2000.

⁽⁶⁾ Commission Regulations (EC) No 2629/97 (OJ L 354, 30.12.1997, p. 19) and (EC) No 2630/97, codified by Commission Regulation (EC) No 1082/2003 (OJ L 156, 25.6.2003, p. 9).

⁽⁷⁾ Regulation (EC) No 494/98.

measures to ensure that the national computerised databases are fully operational as soon as possible. Since it was aware of the risks and realised that, in order to be able to track animals and animal movements, it was necessary to introduce a transparent procedure for the exchange of data between Member States on animals and animal movements, the Commission drew up a proposal to this effect. The Council did not follow up this proposal. Legislation adopted in July 2000 makes no provision for exchanges of data between the various national databases, only for mutual assistance procedures between Member States. The ANIMO system allows information to be communicated between Member States in respect of batches of animals traded, but does not provide information on the identity of the animals making up the batches. As a result there is no systematic communication between Member States concerning the state of health of the animals traded or their eligibility for premiums.

36. At any rate, the exchange of data between the various national databases was compromised from the outset because the format of the data differs from one Member State to another. In the absence of a mechanism for exchanging data between databases, it is possible to monitor cattle movements by verifying whether the passports of traded animals are returned. However, the passport return mechanism does not work (see paragraph 38(c)).

37. At present the Commission has no detailed description of the monitoring of movements overall, nor any study of how it works in the context of the identification and registration system. In the absence of any exchange of data between national databases, the only assurance it can give is that the system allows effective monitoring, at least in theory, of all movements of cattle on Community territory.

Community legislation is not sufficiently precise

38. The current legislation has a number of imprecisions and inconsistencies, which give rise to different ways of processing the data, depending on the Member State, and may even be sources of errors.

- (a) *Keepers' obligations concerning registers have not been adapted to meet the requirements of the different types of keeper*

All keepers of cattle, with the exception of transporters, must keep an up-to-date register, manually or by computer,

containing certain obligatory items of information. The keeping of this register has not been adapted to the requirements of the different keepers' activities. It ought to be possible to take into consideration the characteristics which are specific to certain categories of keeper, such as traders, assembly centres, or slaughterhouses ⁽¹⁾. In view of the large number of movements involved, it is not possible for a trader or the manager of an assembly centre to enter the information relating to the individual identification of all animals in a traditional register. The professional practices of these keepers are not compatible with the current requirements concerning the keeping of registers. Similar constraints exist at slaughterhouse level.

- (b) *The term 'keeper of bovine animals' is interpreted in different ways*

The legislation has defined a keeper as any natural or legal person responsible for the animals, whether on a permanent or temporary basis, including during transportation or at a market. The aim of this broad definition is to include all the categories of person who take charge of cattle from an animal's birth or entry into the European Union until its death or exit from the European Union. The Member States have sometimes interpreted the term 'keeper' in different ways. France has included assembly centres and knackers' yards in its cattle identification and registration system. This is not the case in the three other Member States visited.

- (c) *The passports of dead animals and of animals exported to another Member State, for which new passports are issued, are not always invalidated*

In the Member States visited, passports are required for all movements of cattle. The legislation stipulates that when an animal dies, the passport must be returned by the keeper to the competent authority at the latest seven days after the animal's death. If the animal is sent to a slaughterhouse, the manager of the slaughterhouse is responsible for returning the passport to the competent authority. The mechanisms for returning passports are either non-existent or ineffective.

⁽¹⁾ The number of movements recorded by traders and assembly centres is so large that the register, which must be kept manually, is a source of error. The number of animals present cannot be calculated automatically and the completeness of the entries must be verified (provision must be made for cross-checks).

Detailed implementing rules governing the return of passports and checks on the returns have not been specified. In addition, no procedure for invalidating these passports has been laid down. In the absence of systematic exchanges of information between Member States and in view of the lack of precision in the legislation, at the level of procedures, checks and sanctions, passports which have not been invalidated could be reused in an irregular manner. In the case of cattle from another Member State, if the passport is not re-issued in the Member States of destination, there is no procedure for returning information on the animals included in the national databases. Furthermore, if a passport is reissued, the procedures for returning the old passport to the Member State in which it was issued are either non-existent or ineffective.

- (d) It is sometimes difficult to establish a link with the country or holding of origin. For animals from third countries, the system in place is based on the cattle being identified on the first holding of destination and thus on 'naturalisation' on entry, which does not always allow a link to be established with the country or holding of origin.

39. The options offered by the Community legislation complicate the system unnecessarily:

- (a) *Internal movements within a Member State, with or without a passport*

The option of requiring passports, or not, for internal movements within a Member State is available to Member States which have a database recognised as fully operational by the Commission by 31 December 1999 at the latest. In the Member States visited, the Court noted that the tests carried out before an animal's passport was issued, tests which were undoubtedly of varying quality, made it possible to filter the information entered in the database and this, in turn, increased the reliability of the databases. Legislation ⁽¹⁾ allows Member States to opt to abandon passports for internal movements. In this event, the checks that are carried out must provide assurance that the data contained in the databases are sufficiently reliable.

⁽¹⁾ Article 6(3) of Regulation (EC) No 1760/2000.

- (b) *The length of the cattle identification numbers varies (two letters identifying the Member State followed by a maximum of 12 digits)*

With regard to trade in cattle, the non-standardisation of ear-tag codes causes administrative problems for a number of Member States. France, for example, which only uses 10 digits, creates virtual numbers to allow inclusion, in the database, of animals from other Member States. Greater standardisation of identification numbers would have made it possible for movements of cattle between Member States to be registered automatically. The use of compatible, or standard, identification codes would make efficient and accurate recording of data possible.

The Commission has no mandate to adopt implementing measures in respect of national databases

40. In contrast to the provisions concerning other parts of the system (ear tags, passports, registers, on-the-spot checks, administrative sanctions and transitional measures), the Commission has no legal competence ⁽²⁾ to adopt implementing rules on setting up and controlling the various national databases ⁽³⁾ (see paragraph 28). This major weakness in the system explains the differences noted in the Member States visited, as every Member State has developed its own database which operates in accordance with criteria which the Member State itself defined (see table 4).

⁽²⁾ A broad interpretation of Article 22(2) of Regulation (EC) No 1760/2000 would have enabled the Commission to play a more active role in respect of recognition of the operational character of the databases. This opinion is not shared by the Commission, which considers that Article 22(2) of Regulation (EC) No 1760/2000 does not give it any prerogative concerning recognition of databases and that only Article 6(3) of Regulation (EC) No 1760/2000 provides a legal base for recognition of the operational character of the databases.

⁽³⁾ In view of the importance of setting up computerised databases with an operational character that is equivalent in the various Member States, the Commission had proposed in 1998 that it should be given responsibility for defining implementing arrangements for achieving this objective. This proposal also included a request that a transparent procedure for the exchange of data between the Member States should be put in place for the exchange of information on animals and their movements. The Council took no action on this proposal, which explains the absence of implementing arrangements.

Table 4

Summary of the findings of audits carried out by the Court of Auditors in the first six months of 2002 ⁽¹⁾

Member States	Ear tags		Registers kept on holdings			Passports			Computerised databases							
	Ear tag format	Uniqueness of ear tags, tagging of all cattle	Quality of ear tags	Format of register containing all information required	Register used by farmers	Register used by slaughterhouses, wholesalers and traders	Format of passports	Reliability of passports	Monitoring of passports of bovine animals traded between Member States	Quality of information contained in movement reports for the purposes of monitoring flows	Processing of movement reports	Mechanism for detection of movement anomalies	Administration of movement anomalies	Synchronisation of local databases with national database	Administration of intra-Community trade	Quality of information contained in the databases
Germany																
France																
Italy																
United Kingdom (Great Britain)								not evaluated								

Member States	Level of participation by various keepers				On-the-spot checks		
	Farmers	Traders and wholesalers	Slaughterhouses	Checkers	Checking rate	Selection method	Application of penalties
Germany - Bavaria							
Germany - Saxony							
France							
Italy							
United Kingdom (Great Britain)							

 Satisfactory
 Adequate
 Inadequate

Source: Court of Auditors.

⁽¹⁾ DG SANCO's comments on this table can be found in the main body of the special report. The comments concern, in particular, monitoring of passports, administration of intra-Community trade and the quality of the data contained in the databases.

41. The only competence assigned to the Commission by the basic regulation ⁽¹⁾ is the assessment of whether the databases are fully operational ⁽²⁾. This recognition allows Member States to abolish the use of passports for movements of cattle on national territory (see paragraph 39). However, Community legislation does not specify the conditions for this recognition by the Commission. This legal void explains why the Commission's management of this recognition procedure has undergone such profound changes (see paragraphs 55 to 62).

There is room for improvement in the Commission's rules concerning on-the-spot checks and penalties

42. The identification and registration legislation lays down a system for on-the-spot checks and a system of specific penalties. The aim of on-the-spot checks is to verify that all components of the system have been put in place and are operating satisfactorily. Community legislation provides for indirect financial penalties for keepers of cattle only in cases of serious omission, when there is provision for the animal to be slaughtered without compensation. In all other cases, the only restrictions imposed are on cattle movement restrictions. These movement restrictions make it impossible to buy or sell the animals, which can have a very disruptive impact on the economic activity of the farm concerned. The penalties under Community legislation are applied in different ways in the four Member States visited.

43. The findings made in the four Member States visited demonstrate that the system of on-the-spot checks and the penalty mechanism were working with varying degrees of effectiveness at the time of the audit. Box 2 shows some examples of unsatisfactory application.

⁽¹⁾ Article 6(3) of Regulation (EC) No 1760/2000.

⁽²⁾ In addition, the printing of bar codes on passports should be obligatory. Their standardisation at Community level would facilitate administration and at the same time remove a source of error during data input.

Box 2

In Italy, veterinary officials carried out identification checks at the same time as health checks. In the course of these checks welfare aspects took priority over the technical and administrative aspects of identification. No information relating specifically to the identification checks was included in the control reports. Because of the small number of infringements found, the number of penalties was also very limited.

In Germany there was no procedure for following up anomalies. The control reports were not sufficiently detailed.

In Great Britain the inspectors did not use the lists of movement anomalies to target their checks.

In France inspections carried out in slaughterhouses and assembly centres did not lead to the drawing-up of an 'identification' control report. Compared to the number of anomalies discovered, the number of penalties was rather small.

44. The control system, comprising risk analysis, the penalty mechanism and the control statistics, was very appropriate to checks on farmers before the national databases were set up. However, it does not focus adequately on the control requirements in respect of other keepers, i.e. traders, markets, assembly centres and slaughterhouses (see box 3).

Box 3

The classic on-the-spot check system aims to check the animals present on the holding, verify their identity and check that the register is kept properly and that the passports are in conformity with the regulations. This check also aims to verify the movements of the previous 12 months. This system was appropriate for cattle farmers. Where 'identification' checks had to be carried out in a slaughterhouse, on a trader's premises or in an assembly centre, the usual control arrangements were difficult to apply in view of the number of animals and the large volume of movements recorded by these various keepers.

45. Furthermore, this control system has not been adapted to take into account the information available following the introduction of the databases and the opportunities for carrying out a more effective on-the-spot check using lists of anomalies detected by the database, such as double entries, delays in reporting, retagging rates, etc. Lastly, the content of on-the-spot checks has not been defined. In Italy, the rate of on-the-spot checks exceeds 20 % because compulsory preventive health checks are systematically entered together with the identification checks. These checks do not deal systematically with all the technical and administrative aspects of identification.

46. The Community legislation allows on-the-spot checks under the identification and registration system to be carried out in combination with other inspections and, with IACS inspections in particular. From the farmers' point of view the two regulations are very similar. The existence of two specific regulations containing a number of differences gives rise to problems of interpretation and logistical problems in the field (see box 4).

Box 4

Farmers did not necessarily make a distinction between identification checks and 'premium' checks. For example, checks on reporting deadlines and stocks of ear tags were carried out during identification checks, but these elements were not checked in the context of IACS checks.

Identification anomalies were not systematically included in reports drawn up in the context of 'premiums' audits although they were included in the case of identification checks.

FINDINGS CONCERNING THE MANAGEMENT OF THE SYSTEM AT COMMUNITY LEVEL

Absence of precise rules on the management of national databases

47. As there are no rules on how the databases are to be managed, the databases are very different from one Member State to another. No provision was made for any guidance by the Commission when the databases were set up in the Member States. Each Member State developed its own database and bore a large part of the design and development costs ⁽¹⁾ (the United Kingdom developed two independent systems; see paragraph 62). The databases were not developed according to a common operating system laid down at European level and the procedures for processing the data were not harmonised.

48. To be more precise, the situation is characterised by an absence of definitions of the basic concepts, absence of standardised management rules, absence of quality indicators and the lack of a defined format for the exchange of data.

49. The basic concepts include, for example, the minimum information to be provided by keepers when reporting movements and a full specification of what constitutes a keeper of

bovine animals. In some cases the intermediate keepers make no report, with the result that the audit trail for the animals concerned is incomplete.

50. The absence of standardised management rules means that plausibility tests differ from one database to another and that the circumstances covered by the movement anomalies are not identical. As a result the reliability of the information contained in the databases is very variable. Box 5 illustrates the disparities in the situations encountered in the Member States in 2002.

Box 5

In order to check the information contained in the databases the Member States have defined the anomalies that are to be detected automatically by the system. With regard to the types of movement anomaly specified by the four Member States visited, Italy has five, while Germany has 55, Great Britain eight and France 35.

Examples of movement anomalies are: off-farm movements which were not followed by any entry record by another keeper (farmer, trader, slaughterhouse, etc), an exit date from the holding after the entry date for the subsequent holding, discrepancies between the exit date recorded by one keeper and the entry date recorded by the next. This last example may be an indication of failure to record an intermediate movement and hence loss of audit trail during a movement.

The administrative rules concerning one and the same type of anomaly varied greatly from one Member State to another. For example, when an animal declared for 'exit' by one keeper was not declared as an 'entry' by another keeper, the German system automatically generated an anomaly if the difference was two days, the French system generated an anomaly for a difference of 30 days, while the Italian and British systems made no provision for this anomaly. In the case of these two databases, therefore, there was no automatic system for following up 'lost' animals.

On 1 January 2002, the Italian database contained 2 305 076 'lost' animals. These were animals that had been reported as live 'exits' by one keeper but were not registered as 'entries' by another keeper. The causes of this situation were either absence of notification and notification errors, or recording errors and miscellaneous computer errors. In Great Britain, the same type of situation had led the authorities to set up a 'long dead programme' which made it possible to eliminate anomalies relating to animals which must be considered dead.

Where an animal was registered with two keepers at the same time, the German and British systems generated an anomaly on the first day of the overlap. The French system generated an anomaly if the overlap lasted 15 days and the Italian system made no provision for this anomaly.

⁽¹⁾ These costs are borne by the Member States. A very small part was financed from the Community budget.

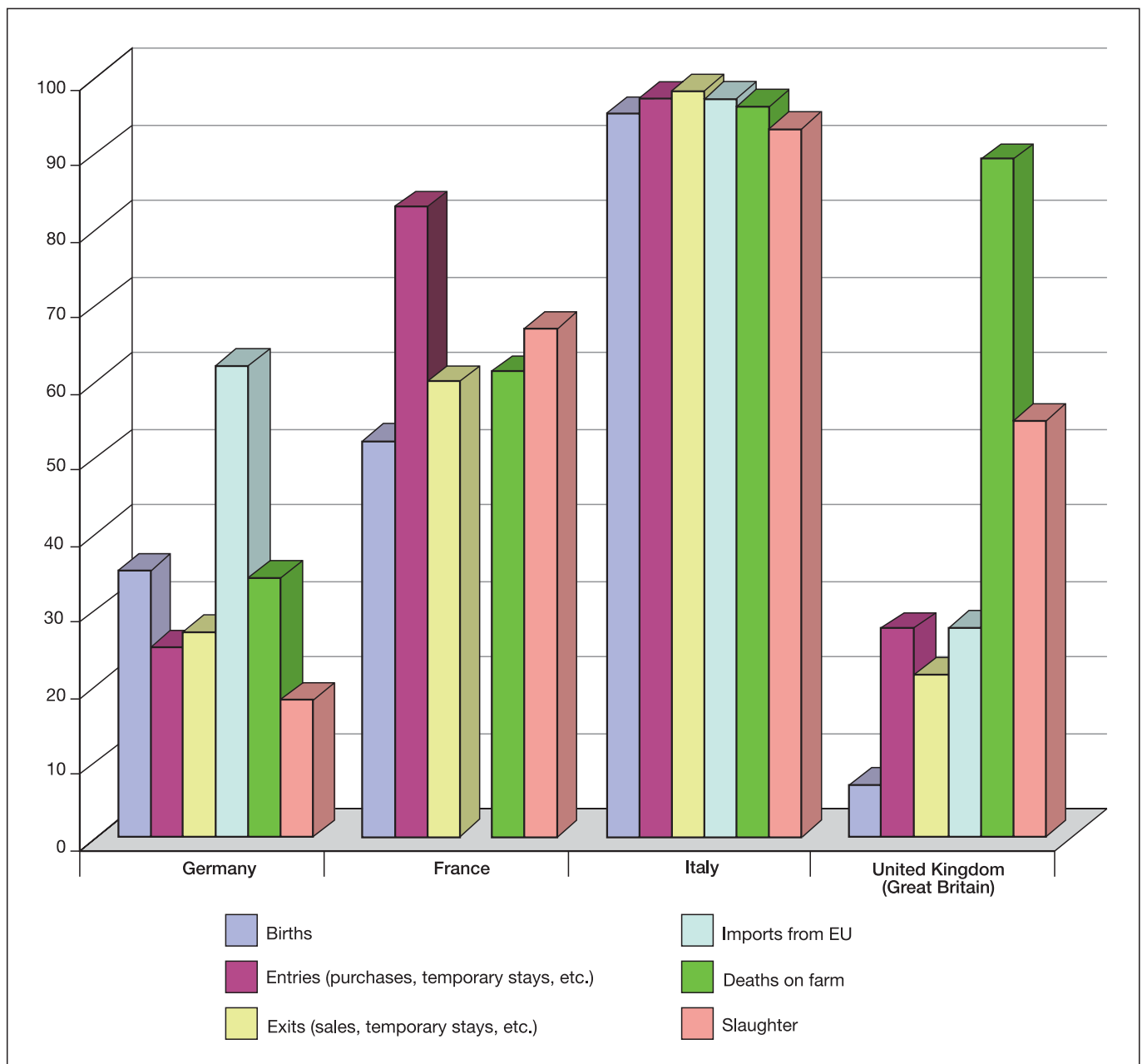
51. The Member States had developed few quality indicators for the national databases. No appropriate anomaly threshold had been set. In addition, management charts were either non-existent or under development.

52. The absence of a defined compatible format for exchanging data between national databases prevents complete traceability in respect of cattle moving from one Member State to another.

53. Compliance with reporting deadlines is vital to efficient tracing in real time. The Member States are not obliged to analyse these data, or to forward them to the Commission. Analysis of the information sent to the Court revealed substantial disparities in reporting times between types of movements and between Member States (see *diagram 4*).

Diagram 4

Percentage of movement reports subject to delay in 2001 (delays of more than seven days after the event)



Source: National databases. The data for France do not permit identification of entries from other Member States.

54. When the databases were set up, the Commission did not provide assistance and did not give any advice to those Member States that requested it. For example, Great Britain asked the Commission for assistance during the design phase of its system, but it was refused.

Absence of criteria for recognition of the fully operational character of databases

55. The Commission issues an opinion ⁽¹⁾ on the fully operational character of the national databases before a Member State abolishes passports for movements of cattle on its national territory (see paragraph 26). The Commission bases this recognition that the databases are fully operational on an analysis of Member States' replies to a questionnaire and a two-day on-the-spot visit to the Member States making the request. The object of this visit is a presentation of the database in operation. The Commission then publishes its decision recognising the national database to be fully operational. Box 6 contains some examples of conditions found in Commission decisions recognising the operational character of databases.

Box 6

The Commission has very often laid down conditions with which the Member State must comply, to ensure that its database is entirely reliable. When the Luxembourg database was recognised as fully operational, the Commission brought to light, among other things, two weaknesses, namely that the competent authority was unable to correct errors or omissions rapidly and that the time allowed for reporting movements, births and deaths was more than seven days.

In the case of Denmark, the Commission drew attention to the same two weaknesses. In addition, passports were not authenticated and there was no reporting of premium status.

In Belgium, not all types of movement were recorded in the database and the competent authority was unable to correct errors or omissions rapidly.

In the Netherlands, the competent authority was unable to correct errors or omissions rapidly, the time allowed for reporting movements, births and deaths was more than seven days and the provisions of Regulation (EC) No 2630/97 were not applied correctly.

In Austria, not all animal movements were registered, there were delays in corrections of errors and national legislation on deadlines for reporting movements was not complied with.

In Sweden, neither slaughterings nor movements to knackery yards were reported. There were delays in correcting errors and not all provisions concerning new identification of cattle in case of loss of ear tags were complied with. The deadlines for reporting movements were not complied with.

In Northern Ireland, the authorities were advised to take the necessary measures to improve the reliability of data recording, to improve procedures relating to the replacement of ear tags, especially the deadlines for distribution and traceability. They were also to improve the procedures for authentication and validation of passports.

In France, the authorities were recommended to reduce the time allowed for reporting movements, births and deaths to seven days, to record all animal movements and to correct rapidly any error or omission discovered during on-the-spot checks.

56. The conditions entered in the Commission's decisions recognising the fully operational character of the databases and the findings of the Food and Veterinary Office and the Directorate-General for Agriculture concerning cattle identification and registration did not guarantee that the system in place allowed the conditions required by the legislation to be verified, in respect of reporting deadlines, the absence of reports, or penalties.

57. The sole purpose of the decision to recognise the fully operational character of a database was to confirm that the database was fully operational in the technical sense. According to the Commission, this recognition is limited to approving the design of the system set up by a Member State. Furthermore, the Commission has not applied precise management rules or predefined quality indicators as to the basis for its evaluation of the actual operation of the databases. The practical operation and ultimate reliability of the database thus depend on the keepers who are to input complete data and update the base rapidly.

58. In addition, all decisions recognising databases to be fully operational contain conditions with suspensive effect linked to a formal commitment by the Member States concerned to make a certain number of improvements to the operation of the databases before the date on which formal recognition comes into effect. Since 2001, the Commission has undertaken to monitor, systematically, whether the recommendations issued have actually been implemented.

59. Since 2001, the Food and Veterinary Office has carried out various audit missions concerning traceability, and the findings are taken into account in the evaluation of the design and functioning of the databases. Although this approach has been adopted, it was not applied at the time of the first evaluations of the operational character of the databases. These in-depth checks are now used as a basis for evaluating whether the databases are operational. For this reason the Commission is attaching greater importance to the database recognition procedure and to the role it can play in this field.

60. At the beginning of 2004, the databases of nine Member States and that of Northern Ireland had been recognised by the Commission, on the dates shown in table 5.

⁽¹⁾ Article 6(3) of Regulation (EC) No 1760/2000.

Table 5

Dates of Commission decisions recognising the fully operational character of databases

Member State (or region)	Decision	Date of decision	Actual date of recognition
Finland	1999/317/EC	28 April 1999	1 May 1999
Luxembourg	1999/375/EC	19 May 1999	1 August 1999
Denmark	1999/376/EC	19 May 1999	1 October 1999
Belgium	1999/377/EC	19 May 1999	1 July 1999
Netherlands	1999/546/EC	13 July 1999	1 October 1999
Austria	1999/571/EC	28 July 1999	1 October 1999
Sweden	1999/693/EC	5 October 1999	1 November 1999
United Kingdom (Northern Ireland)	1999/696/EC	11 October 1999	1 November 1999
France	2001/399/EC	7 May 2001	2 September 2001
Germany	2002/67/EC	28 January 2002	Not specified

61. The databases of six Member States had still not been recognised at the beginning of 2004. These were Greece, Spain, Ireland, Italy, Portugal and the United Kingdom (Great Britain). The situation is set out in detail in box 7.

Box 7

In the case of Portugal, the Commission has suspended the draft recognition decision as from the date of their visit on 19 October 2000, because of the weaknesses found during the visit by DG SANCO inspectors.

The Spanish authorities returned the Commission's questionnaire on 24 July 2001. They claimed they were ready for the Commission's visit in connection with the official recognition of their database, but asked that the date on which recognition took effect should be the date on which the questionnaire was sent to the Commission. Since 2002, the rate of on-the-spot checks has been reduced to 5%.

The Commission visited Great Britain on 20 and 21 November 2001. A draft decision was drawn up proposing 1 April 2002 as the date on which the decision should come into effect, but here, too, the Commission has suspended the decision because of weaknesses found during an inspection.

In a letter of 23 January 2002, the Irish authorities simply informed the Commission that their database was fully operational and for this reason they were reducing the rate of on-the-spot checks from 10 to 5%.

As far as Italy is concerned, the Commission received the completed standard questionnaire on 28 February 2002. The Italian authorities said that they were ready to receive the Commission's visit for official recognition of their database.

In a letter of 24 July 2001, the Greek authorities informed the Commission about their plans for setting up the database, which was scheduled to become operational in June 2002.

62. For some Member States (Portugal and United Kingdom), the draft recognition decision has been suspended by the Commission. These delays in the decision process are prejudicial to the Member States concerned. Moreover, two Member States (Spain and Ireland) granted themselves the benefits of recognition in the absence of any formal decision on the part of the Commission by reducing their rates of checks from 10 to 5%.

63. The United Kingdom set up two separate databases, i.e. one in Great Britain and one in Northern Ireland⁽¹⁾. The two bases are incompatible, as evidenced by the failure of the work of cross-checking animal movements in the two databases. The work was carried out by the competent authority at the Court's request. The data available do not provide an audit trail for animals traded between Northern Ireland and Great Britain. In addition, vets were using a different database and this was not in line with the objectives of the legislation⁽²⁾.

⁽¹⁾ In its reply to the sector letter, 'The Commission acknowledges the fact that the approval of more than one database per Member State is not foreseen in the legislation in place'.

⁽²⁾ To pursue the health objectives laid down in the legislation, British vets set up a special database which is separate from the database set up for identification (CTS - Cattle tracing system). This is counter to the objectives of the legislation which, from the outset, combined health regulation and premium management objectives.

64. The Commission recognised the database for Northern Ireland as fully operational as from 1 November 1999. The setting-up of two separate databases in the United Kingdom and the individual recognition of one of them by the Commission is not in conformity with Community legislation. The incompatibility of the two databases means that they cannot be treated as a single database for operational purposes.

Supervision by the Commission

65. Until 1999 responsibility for identification and registration lay with DG Agriculture. Since then, the responsibility has been transferred to the Directorate-General for Health and Consumer Protection ⁽¹⁾. Nevertheless, it is DG Agriculture (IACS) which is responsible for control and payment of animal premiums. Since 1999 it has only been possible for animal premiums for cattle to be paid if the cattle in question have been correctly identified and registered in the Community system ⁽²⁾. These two Directorates-General are therefore required to supervise the Community identification and registration system. The IACS legislation, like the legislation on the identification system, allows Member States to reduce the minimum rate of on-the-spot checks from 10 to 5 % when the national database is fully operational and has allowed effective cross-checks to be carried out within the IACS framework for more than one year ⁽³⁾.

66. Health and Consumer Protection DG is in charge of the procedure for recognising the fully operational character of the national databases (see paragraphs 55 to 62) and is also responsible for monitoring the statistics of on-the-spot identification and registration checks which Member States are required to draw up (see paragraph 46).

67. The Food and Veterinary Office is part of Health and Consumer Protection DG and is responsible for routine monitoring of the identification and registration system. At the beginning of 2002 the Food and Veterinary Office began a series of audit

visits to the Member States to evaluate the conduct of the checks on the traceability of beef and beef products. In the course of these visits the entire chain is analysed, from fattening to point of sale. The reports containing the observations and recommendations are subject to contradictory procedures between the Office and the Member States, and the final report is published on the Commission's Internet site. The Food and Veterinary Office visits the 15 Member States over a period of 12 months in connection with this work.

68. DG Agriculture is involved at Member State level as part of the clearance of accounts procedure. In this context, it evaluates the reliability of the information in the cattle database, together with the procedures for exchanging information between national audit units following the on-the-spot checks carried out in the identification and registration context. The findings of DG Agriculture during its 'clearance of accounts' visits may reveal problems affecting cross-checks of data taken from premium applications and data from the identification and registration database, delays in reporting movements, unsatisfactory keeping of herd books and shortcomings in the system for validating passports. Negligence in the organisation of identification checks may also be detected, such as an absence of checks on keepers other than those applying for premiums or failure to communicate the results of checks between the departments responsible for managing premiums and those in charge of identification.

69. Coordination of the work of the various Commission departments involved in the Member States has improved with time. However, as there are no quantified quality indicators that are used by all those involved, they have no means of assessing whether the national databases are acceptable or not.

70. With the exception of the weaknesses discussed in paragraphs 44 and 92, the statistics drawn up by Member States on on-the-spot checks on identification and registration are not analysed or used as a tool for guidance by the Commission (see table 6).

⁽¹⁾ Health and Consumer Protection DG has legislative responsibilities in the food, veterinary, phytosanitary and public health fields. Health and Consumer Protection DG is the result of the reorganisation of several units from three Directorates-General (DG III - Internal Market, DG VI - Agriculture and DG XXIV - Consumer Protection).

⁽²⁾ Article 21 of Council Regulation (EC) No 1254/1999.

⁽³⁾ Article 18 of Regulation (EC) No 2419/2001.

Table 6

Results of on-the-spot checks carried out for the financial year 2000 within the framework of the cattle identification and registration system

Description	BE	DK	DE	EL	ES	FR	IE	IT	LU	NL	AT	PT	FI	SE	UK	
															GB	Northern Ireland
Total holdings registered	50 666	35 667	249 966		211 490	334 008	138 263	234 257	1 882	-	105 943	93 684	31 540	35 671	108 658	31 533
Total holdings inspected	9 595	2 097	19 181		18 960	22 854	26 997	61 465	276	3 068	12 647	7 649	1 594	3 409	7 500	1 138
%	19 %	6 %	8 %		9 %	7 %	20 %	26 %	15 %	-	12 %	8 %	5 %	10 %	7 %	4 %
Total bovine animals registered at the beginning of the period	3 010 799	1 977 581	11 139 070		6 833 668	21 000 000	7 569 735	-	201 859	-	2 154 667	1 202 200	1 065 932	1 732 839	6 896 759	1 664 169
Total bovine animals checked	757 990	179 238	1 178 221		783 925	1 587 594	996 917	1 928 147	46 402	337 480	480 377	110 699	80 897	233 251	608 202	29 083
%	25 %	9 %	11 %		11 %	8 %	13 %	-	23 %	-	22 %	9 %	8 %	13 %	9 %	2 %
Number of cases of non-compliance found	530	9 583	10 800		28 088	292 370	2 183	8 737	130	-	-	16 229	2 121	14 124	51 314	3 390
Penalties imposed	220	37	-		331	393	-	873	10	-	-	677	9	90	34 683	-
%	42 %	0 %	-		1 %	0 %	-	10 %	8 %	-	-	4 %	0 %	1 %	68 %	-
Number of animals destroyed	7	-	-		-	93	-	-	4	-	-	59	-	-	48	-
% (of number of animals checked)	0,001 %	-	-		-	0,006 %	-	-	0,009 %	-	-	0,053 %	-	-	0,008 %	-

Note 1: The reference period is not the same for all Member States.

Note 2: The data concerning 'penalties imposed' do not allow comparison of Member States, as the information forwarded has not been standardised; some Member States provide the number of penalties imposed (BE, IT), others the number of holdings and animals to which penalties are applied (FR, LU, PT, FI, UK-GB), or merely the number of holdings penalised (DK), or the number of cattle subject to penalties (SE); one Member State gives the number of cases subject to legal proceedings (ES).

Note 3: Greece has not yet implemented the Integrated Administration and Control System. No statistics are available.

Source: the Annual Reports required by Commission Regulation (EC) No 2630/97.

71. Penalties are laid down in the two sets of regulations concerning the identification and registration system. The legislation on that system, like other veterinary provisions, does not lay down any financial penalties in the case of non-compliance with the rules in force. In contrast, the legislation setting up IACS does lay down financial penalties for non-compliance with the rules. The work of DG Agriculture may thus result in financial corrections ⁽¹⁾ in cases where serious anomalies relating specifically to identification are found during audits. The penalty arrangements differ and no links have been provided between the two systems.

Inconsistencies in the management of premiums

Bovine premiums subject to controls in the context of the Integrated Administration and Control System

72. The legislation on the Integrated Administration and Control System (IACS) stipulates that Member States are to carry out administrative checks to verify that the conditions of eligibility for the granting of aid and premiums are fulfilled. These administrative checks include, in particular, cross-checks with the cattle database. IACS thus uses the computerised cattle database (the core element of the identification and registration system) to validate applications for premiums ⁽²⁾.

73. The Commission ensures that all the Member States put administrative checks in place. These must include checking all the eligibility conditions against the identification and registration database. The standard of checks on eligibility conditions varied greatly in the four Member States visited.

74. The Commission has provided a precise definition of the administrative checks to be carried out in the context of bovine premiums by breaking the checks down into key checks and auxiliary checks. It has not specified which anomalies found in respect of identification are to be taken into account and has not said whether these anomalies should lead to payments being frozen or not. Box 8 below shows examples of movement anomalies.

⁽¹⁾ The clearance of accounts procedure provides for financial corrections equivalent to the amount of the risk incurred for Community funds.

⁽²⁾ Article 16(b) of Regulation (EC) No 2419/2001.

Box 8

Examples of movement anomalies: an off-farm movement which is not followed by any entry record by another keeper (farmer, trader, slaughterhouse, etc.), a date of exit after the date of entry at the next farm, gaps between the date of exit recorded by one keeper and the date of entry recorded by the next keeper (possibility that an intermediate movement has not been recorded, with resultant loss of audit trail).

Exceptional support measures for the beef market following the BSE crisis

75. During the BSE crisis in 1996 the Commission introduced a regulation which was applicable exclusively in the United Kingdom ⁽³⁾ and provided for the slaughter and destruction of cattle over 30 months old. During the second crisis, in 2000, the Commission adopted new measures, which applied to the other Member States. In this new regulation, the Commission stipulated that in order to be eligible for the payments granted for slaughter and destruction of cattle, animals must be identified and registered in conformity with the identification and registration regulation ⁽⁴⁾.

76. The regulation applicable to the United Kingdom was not amended to incorporate this condition. This meant that the animals did not have to be identified and registered in accordance with the appropriate legislation in order to be eligible for payments granted in case of slaughter and destruction of cattle. This difference in treatment between the Member States is an inconsistency in the legislation. The Community cattle registration and identification system was, in fact, set up in the EU in response to the BSE crisis. The United Kingdom, the Member State mainly affected by the disease, was the only one not legally obliged to carry out cross-checks with the national database, and benefited from payments for animals which were not identified and were slaughtered in order to be destroyed.

77. The Commission's justification for the difference in treatment was the objective of the 1996 regulation, which aimed to withdraw older cattle from the market that were not subject to the identification obligations and whose age could be determined by examination of the teeth. This argument, which is now no longer relevant, was justified inasmuch as imposing identification requirements for older animals might have increased the risk of illicit slaughter.

⁽³⁾ Commission Regulation (EC) No 716/96 (OJ L 99, 20.4.1996, p. 14).

⁽⁴⁾ Article 4(3) of Commission Regulation (EC) No 2777/2000 (OJ L 321, 19.12.2000, p. 47).

FINDINGS OF THE COURT'S AUDITS IN THE MEMBER STATES VISITED

78. The situation encountered in the four Member States visited during the first half of 2002, i.e. more than 24 months after the deadline of 31 December 1999 for setting up an efficient system of identification and registration, revealed shortcomings. Some Member States were still in the process of developing their own systems at the time of the audit and improvements were planned in all Member States visited. Although, in the meantime, a number of the Court's findings have become irrelevant, other weaknesses identified at a certain point are the subject of recommendations (see paragraphs 92 to 99) and must still be corrected. Table 4 illustrates the situation observed in 2002 for the four Member States visited, in five areas, namely ear tags, farm registers, passports, computerised databases and the level of participation in the system on the part of the various keepers.

Ear tags

79. The legislation stipulates that the quantities of ear tags distributed to farmers are to cover requirements for a maximum period of one year. In the Member States visited, the ear tags were not always restricted to these quantities. Generally, the format of the ear tags corresponds to the legislative requirements (see photograph 1).

80. In Germany, France and Italy, the national authorities did not use indicators such as rates of loss of ear tags or frequency of retagging to evaluate the quality of the ear tags. Likewise, they did not examine the procedures for awarding contracts. In contrast, in Great Britain, where ear tags made by 12 different producers were approved, statistical data are available (ear tag allocation system) and show that 10,8 % of all ear tags had been replaced after four years. This replacement rate varied greatly depending on suppliers and was sometimes even as much as 23 %.

Farm registers

81. The farm registers were not always in the format required by the legislation. In all the Member States visited, the register used by slaughterhouses, wholesalers and traders did not include all the information required by the legislation (see box 9).

Box 9

In France, the competent authority did not approve a specific register for all categories of keeper, in accordance with Article 7(3) of Regulation (EC) No 1760/2000. The format of the register approved for fattening holdings made no provision for continuous recording of herd movements and did not make it possible to see, directly, the number of cattle present on the farm.

In Italy, two different models of herd register were in existence. Neither of the models made provision for continuous registration of animal movements. There was no approved register for slaughterhouses.

In Great Britain, traders, managers of markets and slaughterhouses did not always keep registers in the format approved by the competent authority.

Passports

82. Passport formats varied considerably from one Member State to another, as every Member State has developed its own system. The passports were not comparable, one to another, and it was difficult for a farmer from another Member State to decipher the logic of the presentation in the various passports (see photograph 2). Monitoring of passports of animals traded between Member States was inadequate in the Member States visited (see box 10).

Box 10

In Italy, there was no guarantee that the passports were reliable. In some regions different passport models were in existence simultaneously, with handwritten passports continuing to circulate alongside printed passports. In some cases passports of calves, imported from third countries and identified on the farm of importation, contained no indication of their place of consignment. The Italian authorities elected not to issue new passports for animals from other Member States, but the information contained in the bar codes of the passports of traded animals was not systematically used, because the bar codes had not been standardised. Passports of slaughtered animals were not systematically returned to the competent authority. Some slaughterhouses sent the passports to the headquarters of the national database, others sent them to local units and some kept them for several years. There were no cross-checks between the passports of slaughtered animals and the slaughter information forwarded by slaughterhouses to the databases.

In Bavaria and Saxony there was no procedure for following up the return of passports after cattle had been slaughtered. Passports were not systematically returned to the Regionalstelle of the Land. In addition, slaughterhouses did not complete the passports of all cattle slaughtered. Where passports were reissued, there was no procedure for checking the justification for them.

In France, the authorities issue new passports for animals coming from other Member States. The passports of traded animals from another Member State were not returned to the Member State of origin. These passports were stored either at the Ministry of Agriculture or by local authorities to await their possible return to the Member State of origin. There were no procedures for recording these passports and no system for annulling them.

Computerised databases and quality of data

83. The legislation specifies that keepers are to enter in the database all movements to and from the holding, but does not specify the type of information to be communicated. For this reason, the information in the movement reports was not always complete. For example, the French authorities received very limited information on the destination of cattle. The keepers only had to indicate, as the reason for exit, either 'slaughter' or 'fattening' with no information on the actual destination of the animal (French market or other countries). As a consequence, the database provided no information on intra-Community or extra-Community movements of animals. In Italy assembly centres did not automatically report movements. In addition, considerable delays were noted in the processing of the reports. In 2000 and 2001, for more than 95 % of reports of all types, the time taken to record them in the database was in excess of the time allowed by the legislation.

84. The mechanisms for detecting anomalies in movements and the administration of the anomalies differed quite significantly in the Member States visited (see box 11).

Box 11

In Germany a series of 600 a priori tests of control was implemented to ensure optimum quality of the data entered in the base. Further a posteriori tests were also carried out. In addition, the German authorities developed a quality indicator for the data in the base. This indicator gave the percentage of animals with anomalies in relation to total movements.

In Italy, of the entry reports made in 2001, 515 967 reports did not state the origin of the movement (21 % of the total). On 1 January 2002, 2 305 076 exits of animals had been reported with no indication of their destination. In March 2002 the national database contained 743 079 duplicate ear tag marks.

Delays in reporting movements were noted in Great Britain. Some exit reports were not followed by entry reports, which meant that the animals concerned were 'lost'. In addition, some anomalies had been corrected by means of an automatic procedure which generated the missing movement (1 915 000 'corrective' movements counted in April 2002).

In France assembly centres and traders were not obliged to report movements unless the animals remained with them for more than 30 days. As for the slaughterhouses, they were not obliged to report movements.

85. In France and Italy the local bases were not synchronised with the national databases. In France, the national base was supplied with data from 43 local bases. For 75 % of the farms visited, quantitative and qualitative differences were found between the data available in the national base and the data in the local base. In Italy some of the 198 local databases had no direct access to the national database. In addition, the slaughterhouses were not connected to the national database. Differences between the data from the various databases were found for all the farms visited.

86. The quality of the information contained in the databases was considered adequate in Germany but inadequate in the three other Member States. Few quality indicators had been developed for the data contained in the base and external sources were not used to validate the quality of the data.

Reports by the various keepers

87. With regard to reports, the level of participation by the various keepers was considered to be satisfactory in the case of the farmers. Nevertheless, traceability is not complete if all keepers, even temporary ones such as traders, wholesalers and managers of assembly centres, do not report entries and exits.

88. In France, slaughterhouses were not an integral part of the system. The slaughterhouses constitute the link between the identification as such and the labelling of beef. For this reason they are a crucial link in achieving complete traceability.

Information on cattle flows

89. The database of France, which is responsible for more than 50 % of intra-Community exports, provided no information on movements involving the other Member States. In the case of the latter, the information from the computerised databases relating to intra-Community movements shows substantial divergence between the exits declared by the Member State of consignment and the entries declared by the Member State of destination (see table 7). Box 12 gives some examples of the anomalies and inconsistencies found between national databases.

Table 7

Cross-checks between national databases in respect of intra-Community movements

MOVEMENTS FOR 2000

Movement from	Destination	Germany	France	Italy	United Kingdom (Great Britain and Northern Ireland)
Germany	Database of country of destination		n.a.	18 255	52
	Germany's national database		51 432	79 691	23
	Difference		n.a.	61 436	29
France	Database of country of destination	16 642		401 894	202
	France's national database	n.a.		n.a.	n.a.
	Difference	n.a.		n.a.	n.a.
Italy	Database of country of destination	1 126	n.a.		5
	Italy's national database	0	174		160
	Difference	1126	n.a.		155
United Kingdom (Great Britain and Northern Ireland)	Database of country of destination	0	n.a.	160	
	United Kingdom databases (Great Britain and Northern Ireland)	0	0	0	
	Difference	0	n.a.	160	

n.a.: data not available

Source: national databases.

MOVEMENTS FOR 2001

Movement from	Destination	Germany	France	Italy	United Kingdom (Great Britain and Northern Ireland)
Germany	Database of country of destination		n.a.	22 687	1 122
	Germany's national database		62 809	114 820	163
	Difference		n.a.	92 133	959
France	Database of country of destination	8 847		367 769	159
	France's national database	n.a.		n.a.	n.a.
	Difference	n.a.		n.a.	n.a.
Italy	Database of country of destination	73	n.a.		37
	Italy's national database	0	353		0
	Difference	73	n.a.		37
United Kingdom (Great Britain and Northern Ireland)	Database of country of destination	0	n.a.	82	
	United Kingdom databases (Great Britain and Northern Ireland)	0	0	0	
	Difference	0	n.a.	82	

n.a.: data not available

Source: national databases.

Box 12

The Italian database only reported 22 687 animals from Germany for 2001, whereas the German database recorded 114 820 exited to Italy. For 2000, the data are 18 255 and 79 691 respectively. In addition, the Italian database did not report a single exit towards Germany, whereas entries from Italy were recorded in the German database (1 126 animals in 2000 and 73 animals in 2001).

The German database recorded exits of only 23 animals to the United Kingdom in 2000, whereas the United Kingdom databases showed 52. In 2001, the German database recorded 163 animals exiting for the United Kingdom, while the United Kingdom databases recorded 1 122.

While the United Kingdom databases reported no exits in 2000 or 2001, the Italian database included 160 entries of cattle in 2000 and 82 cattle in 2001, although these movements were actually forbidden.

There were other inconsistencies in respect of exits from Italy for the United Kingdom. 160 animals were declared as exiting Italy for the United Kingdom in 2000, whereas the United Kingdom databases only mention 5. For 2001 the situation is reversed, as the Italian database contained no exit to the United Kingdom, whereas 37 entries were recorded there.

90. Trade with third countries in 2000 and 2001 also showed substantial differences (see table 8) between Eurostat data and the data in the national databases. According to the inquiries carried out by the Court, there is no consistency between the data from the two data sources. It was not possible to obtain a true view of the movements of animals between the Member States and third countries.

Table 8

Comparison of data on imports from third countries**IMPORTS FOR 2000**

	Germany	France	Italy	United Kingdom
According to Eurostat	118 780	25	330 632	432
According to the national databases	33 583	n.a.	170 184	1 127
Difference	85 197	n.a.	160 448	- 695
%	254	n.a.	94	- 62

n.a.: data not available

Source: Eurostat and national databases.

IMPORTS FOR 2001

	Germany	France	Italy	United Kingdom
According to Eurostat	74 730	8	310 739	49
According to the national databases	21 637	n.a.	128 515	65
Difference	53 093	n.a.	182 224	- 16
%	245	n.a.	142	- 25

n.a.: data not available

Source: Eurostat and national databases.

On-the-spot checks

91. The on-the-spot checks carried out by the Member States (see table 6) were evaluated as follows. In Germany, the on-the-spot checks were organised at *Länder* level. In Bavaria, the minimum checking rate of 10 % was not respected, the method of selecting the beneficiaries to be audited was not based on an annual risk analysis, the legal penalties were not applied and the results of on-the-spot checks were not systematically forwarded to the premium administrators. France and Great Britain did not comply with the minimum rate of 10 % for on-the-spot checks. In Italy, the quality of the checks, the recording of the results of those checks, the application of penalties and the forwarding of the results to the premium managers all raised doubts about the reliability of the on-the-spot checks.

CONCLUSION AND RECOMMENDATIONS

92. Considering that the objective of the legislation on cattle identification and registration is to ensure the traceability of all cattle movements on the territory of the European Union, the regulatory framework put in place has some conceptual shortcomings (paragraphs 33 to 46). For example, Community legislation makes no provision for procedures to monitor movements of cattle between Member States, although between 3 and 4 % of cattle change Member State every year.

- The legislative framework should make provision for systematic exchanges of information between databases in the Member States so that intra-Community movements of cattle can be traced in accordance with the requirements of the Community legislation (paragraphs 35 to 37).

93. The current legislation has inconsistencies and imprecisions, which give rise to differences in treatment among Member States (paragraph 38). In addition, the existence of options in the application of the legislation complicates the system (paragraph 39).

- All keepers of cattle should be included in the identification and registration system (see paragraph 32). The reports should be subject to precise rules which are identical in all Member States. The keeping of registers should be adapted to the activities of the various keepers and take into account technological developments (machine-readable bar codes, Internet, etc.). Procedures for checking and returning passports to the issuing body should be implemented. In addition, identification numbers should be rendered more compatible (paragraphs 38 and 39).

94. The databases developed in the Member States are very heterogeneous, which is a barrier to interconnection of the databases (paragraphs 40 and 41).

- If the objective is to facilitate reliable interoperability between national databases, the Commission should be authorised to adopt common rules allowing interconnection of the Member States' databases (paragraphs 40 and 41).

95. Every Member State has adopted its own administrative rules for the cattle identification and registration system. Few quality indicators have been developed (paragraphs 86 to 90).

- The Commission should be empowered to draw up, within the framework of existing or amended procedures, precise criteria for operation of the national databases (common administrative rules, quality indicators, definition of a format for the exchange of data between national databases, etc.) (paragraphs 86 to 90).

96. The legislation stipulates, without laying down rules on the procedures, that the Commission is to assess whether the databases are fully operational. The aim of this recognition is to authorise Member States to abolish passports for movements of cattle on the national territory of a Member State and to reduce the rate of checks for animal premiums from 10 to 5 %. This justification reduces the impact of recognition that databases are operational (paragraphs 55 to 64).

- If the aim is to have databases which are operational, the procedure for recognising databases should be strengthened by redefining the objective and detailing the criteria that must be met, in respect of both design and operation, in order for the Commission to award recognition and renew it periodically (paragraphs 55 to 65). The Commission should therefore take on a guiding role in the system of cattle identification and registration (paragraphs 38 to 40 and 47) and carry out regular checks to ensure that the databases are fully operational (paragraphs 55 to 59, 65 to 69 and paragraph 71) by setting up a coherent procedure for verifying the operation of the system in the Member States, including annual certification of the quality of information in the national databases (paragraphs 37 and 69).

97. The on-the-spot checks to be carried out by Member States are not appropriate for all types of keepers of cattle. In the case of farmers, the 'identification' checks and the IACS checks have not been systematically integrated. In this way multiple checks ignore potential synergy effects (paragraphs 42 to 46). In the absence of precise harmonised rules for all the Member States (paragraphs 72 to 74), anomalies in identification have different financial consequences in terms of the premiums paid in the various Member States.

- A comparative analysis of the administrative checks in force in the different Member States should result in controls being defined which cover all the conditions governing eligibility for premiums, as well as the cross-checks to be made between the IACS databases and the identification and registration databases before premiums are paid (paragraphs 72 to 74). In addition, the system of on-the-spot checks should be reviewed (including the penalty mechanisms), approaches which are specific to the type of keeper should be laid down and, especially in the case of farmers, an approach which is fully integrated with IACS should be imposed, while purely welfare matters should be covered by veterinary legislation (paragraphs 43 to 46 and paragraph 71).

98. The legislative arrangements in force in the United Kingdom do not require animals to be identified and registered in accordance with the identification and registration regulation in order to be eligible for payments granted in the case of slaughter and destruction of cattle which are over 30 months old.

- The legislation should be amended to guarantee equality of treatment in future between the other Member States and the United Kingdom in the context of the exceptional support measures in connection with BSE (paragraphs 75 to 77).

99. The Court's inquiry, carried out in 2002, at the Community authorities and in four Member States showed that the objective of establishing an effective system of cattle identification and registration at the production stage has not been fully attained. There was no comprehensive guarantee of the traceability of all cattle circulating in the EU. As a result, the special Community labelling system has inevitably been constructed around a system which is affected by weaknesses and has served as a vehicle for the losses of traceability that occurred 'upstream' (paragraphs 78 to 91).

This report was adopted by the Court of Auditors in Luxembourg at its meeting of 7 and 8 July 2004.

For the Court of Auditors
Juan Manuel FABRA VALLÉS
President

THE COMMISSION'S REPLIES

SUMMARY

I to IV. The Commission takes note of the findings of the auditors during their missions carried out from October 2001 to June 2002 in the four Member States concerned. In 2002, the Food and Veterinary Office (FVO) carried out missions on traceability to all Member States and provided recommendations to address the shortcomings found by the inspectors.

The Commission has noted the shortcomings in the management of passports for bovine animals which are traded within the Community. According to Article 6 of Regulation (EC) No 1760/2000 of the European Parliament and of the Council, Member States 'may issue a passport for animals from another Member State. In such cases, the passport accompanying the animal on its arrival shall be surrendered to the competent authority, which shall return it to the issuing Member State (...). In the case of death of an animal, the passport shall be returned by the keeper to the competent authority within seven days after the death of the animal. If the animal is sent to the slaughterhouse, the operator of the slaughterhouse shall be responsible for returning the passport to the competent authority'. The legislator, the Council and the European Parliament, laid down no detailed implementing rules on this issue. Since the adoption of the Regulation the Commission has provided clarification on this issue during discussions in several Commission working groups.

It is the responsibility of Member States to have in place a national database for bovine animals and to ensure that the requirements are met. The database must contain up-to-date information on all bovine animals and all movements whereby the traceability is ensured.

Furthermore, with regard to the traceability of animals in intra-Community trade it should be noted that such animals must be accompanied by a health certificate in accordance with Council Directive 64/432/EEC, which includes information on the official individual identification of the animals concerned.

V. Responsibility for the implementation of Regulation (EC) No 1760/2000 lies with the Member States. Bovine animals must be identified within a period determined by the Member State as from the date of birth of the animal, at the latest at the age of 20 days and in any event before the animal leaves the holding of birth (Article 4); births, deaths and movements must be notified to the competent authority within a period fixed by the Member State of between three and seven days (Article 7); and passports must be returned to the competent authority by the last keeper (Article 6).

However, the Commission has acknowledged the need for precision of the deadline for notification by the keeper of births to the competent authority. To this effect Regulation (EC) No 911/2004 has been adopted which clarifies this issue.

VI. The Commission takes note of the auditors' statement that the current provisions for controls and penalties are not adapted to the activity of all categories of keepers. However, it should be noted that the detailed rules laid down concern the minimum level of controls and the minimum administrative penalties leaving the option open to Member States to go beyond these requirements. For controls it is specified that the minimum rate shall be increased immediately when it is established that Community legislation regarding identification has not been complied with. According to the detailed rules for controls, which were laid down in 1997 and codified by Commission Regulation (EC) No 1082/2003, the criteria for selecting holdings for on-the-spot inspections must include proper communication of the data to the competent authority.

VII. The legislation places a clear obligation on the Member States to put in place a national database for bovine animals, which should be fully operational by 31 December 1999 and must be able to supply, at any time, the identification number of all animals present on a holding and a list of all movements to and from the holding. It is the responsibility of Member States to ensure that such requirements are met. The limited role of the Commission's recognition of the fully operational character of the national databases as laid down in Article 6(3) of Regulation (EC) No 1760/2000 is in line with the political choice made by the legislator of having separate national databases in the different Member States instead of a single Community database. It is also clear that harmonisation of the characteristics of the national databases has not been considered a desirable objective by the legislator, which has left the Member States free to design their own databases. Attempts made by the Commission to establish, if not harmonise, interoperability between the national databases have been rejected by the Council of Ministers, as acknowledged by the auditors.

VIII. With regard to the national databases, the Commission acknowledges the need for established transparent criteria and benchmarks based on shared standards. Despite the legal vacuum, the Commission services are pursuing the review and consolidation of the criteria and benchmarks currently used.

IX. The Commission considers that to integrate the identification system with IACS would, given the systems' different objectives, jeopardise the smooth operation of the animal premiums system and could be open to legal challenges. The IACS concerns itself, *inter alia*, with animals for which CAP premium has been claimed; therefore the only relevant 'reconciliation control' to be made, is to ensure that such animals appear in the SIEB.

In drafting IACS legislation and interpretations thereof, due care has been taken to ensure that aid reductions or exclusions are applied in proportion to the offence and only where appropriate. The Commission believes that regulatory controls should be as practical and efficient as possible, whilst providing the necessary financial safeguards.

GENESIS AND EVOLUTION OF THE SYSTEM

13. Commission Regulation (EEC) No 3887/92 clearly envisaged that the integrated system might not be applicable in its entirety until later, and that Member States were obliged to adopt alternative compensating measures.

To this end Article 17(1) of Regulation (EEC) No 3887/92 provided that 'In cases where by virtue of Article 13 of Regulation (EEC) No 3508/92 certain features of the integrated system are not yet in application each Member State shall take whatever administrative and control measures are necessary to ensure compliance with the terms on which the aids concerned are granted.'

14. The Council decided to reinforce the provisions in 1997.

Therefore the Commission prepared a proposal for a Council Regulation (EC) establishing a system for the identification and registration of bovine animals submitted on 2 October 1996.

FINDINGS CONCERNING THE DESIGN OF THE SYSTEM AT COMMUNITY LEVEL

34. The Commission has adopted detailed rules in all the fields where it has competence under Regulation (EC) No 1760/2000. It has laid down detailed rules for ear tags, holding registers and passports (Commission Regulation (EC) No 2629/97), minimum levels of controls (Commission Regulation (EC) No 2630/97 codified by Commission Regulation (EC) No 1082/2003) and application of minimum administrative sanctions (Commission Regulation (EC) No 494/98).

In absence of legal basis in Regulation (EC) No 1760/2000, the Commission could not establish detailed rules for the national databases.

35 to 37. ANIMO is a computerised system for exchange of information on consignments of animals traded between Member States, while mutual assistance between the administrative authorities of Member States and cooperation between Member States and the Commission to ensure the correct application of legislation on veterinary and zootechnical matters is covered by Council Directive 89/608/EEC. This Directive is referred to in Regulation (EC) No 1760/2000, recital 11. The ANIMO system will be replaced by Traces, which is a new IT system designed to improve the management of animal movements both from outside and within the EU. The Commission introduced Traces in April 2004. Traces will improve the amount and quality of information to trace animal movements as well as facilitate the exchange of information between national and EU authorities.

Concerning the health status of animals in intra-Community trade, according to Council Directive 64/432/EEC bovine animals shall be accompanied by a health certificate issued by an official veterinarian including information on the sanitary status as well as the identification of the animals, when they are dispatched to other Member States.

38. (a) Keeping a registry is a key element for the system of identification and registration. The holding of such a registry is a constraint that may be important for some keepers. This has been taken into consideration as the current legislation provides the option for Member States to use barcodes and the internet. This can facilitate the fulfilment of the legal obligation of the keeper to maintain a holding register.

(b) The definition of the keeper is laid down in Regulation (EC) No 1760/2000 and the Commission services have provided guidance during the discussions in the working group with participation of all Member States as well as during the process of recognition of the fully operational character of the national databases. Certain Member States have included rendering plants as keepers in the national database. Although the definition of a keeper in Regulation (EC) No 1760/2000 refers to live animals only, the inclusion of rendering plants in the national database strengthens the effectiveness of the cross-checking facilities.

(c) The Commission takes note of the findings of the auditors that passports are not always invalidated in the event of death or movement to another Member State. Similar findings have been reported by FVO.

It should be noted that:

Under Article 6(1) of Regulation (EC) No 1760/2000, Member States may issue a passport for animals from another Member State. In such cases, the passport accompanying the animal on its arrival shall be surrendered to the competent authority, which shall return it to the issuing Member State.

In the case of the death of an animal, under Article 6(4), the keeper shall return the passport to the competent authority within seven days of the death of that animal.

In the case of animals exported to third countries, under Article 6(5), the passport shall be surrendered by the last keeper to the competent authority at the place where the animal is exported.

The legislator has provided no detailed implementing rules on this issue. However, the Commission has provided guidance during the discussions in the working group with participation of all Member States.

With regard to the possible difficulty of establishing a link to the third country of origin, it should be noted that bovine animals imported into the EU must be accompanied by a veterinary certificate including information on the official individual identification as well as the sanitary status of the animals.

39. (b) The Commission is aware of the difficulties related to the absence of a standardised format for the identification code on the ear tags as mentioned by the auditors. This issue was discussed at several meetings of Commission working groups, and the legal basis did not allow the Commission to go further than the maximum number of digits as laid down in Commission Regulation (EC) No 2629/97.

40. The Commission has no legal basis to lay down rules for the national databases. Such a possibility for exchange of information between the national databases was included in the Commission's proposal of 1998 but was rejected by the Council.

41. Regulation (EC) No 1760/2000 does not give any definition of the conditions that a national database should fulfil in order to be recognised as operational. Having to cope with the legal vacuum, the Commission has based the first round of assessment and recognition of the fully operational character of national databases on a set of pragmatic and coherent criteria. The Commission services have developed a questionnaire and established a practice based on an internal checklist for the purposes of assessing the databases during 'on the spot' visits. Furthermore the reports of FVO are taken into account.

42. Detailed rules for the application of minimum administrative sanctions are laid down in Commission Regulation (EC) No 494/98. The Commission services have provided guidance in the working group with participation of all Member States and FVO has provided recommendations where appropriate.

45. The content of the controls is laid down in Regulation (EC) No 1082/2003, replacing Regulation (EC) No 2630/1997. The Commission has provided guidance in the working group with participation of all Member States and FVO has provided recommendations where appropriate. The model for the annual report of the Member States on the controls carried out has been amended by Commission Regulation (EC) No 499/2004 with the aim of clarity and comparability.

FINDINGS CONCERNING THE MANAGEMENT OF THE SYSTEM AT COMMUNITY LEVEL

47. The Commission regrets the legal vacuum which prevents the laying down of harmonised rules as regards the national databases, in particular as it made proposals on this matter. However, it has provided guidance on issues related to the databases during discussions in several meetings of Commission working groups with the participation of all Member States since 1997, when the EU requirements for a national database for bovine animals were laid down with the adoption of Council Regulation (EC) No 820/97. Furthermore, guidance was provided in the process of the recognition of the fully operational character of the national databases.

49. Pursuant to Article 7 of Regulation (EC) No 1760/2000, any keeper, with the exception of transporters, is obliged to notify all movements to the competent authority.

52. The Commission submitted to the Council in 1998 a proposal on the exchange of information between the national databases. This proposal was rejected by the Council.

Information on consignments of animals traded between Member States is exchanged through the computerised system ANIMO, which will be replaced by Traces, a new IT system designed to improve the management of animal movements both from outside and within the EU. The Commission introduced Traces in April 2004. Traces will improve the amount and quality of information to trace animal movements as well as facilitate the exchange of information between national and EU authorities.

53. Any keeper, with the exception of the transporter, is obliged to notify births, deaths and all movements to the competent authority within a period fixed by the Member State of between three and seven days. The Commission has underlined this obligation during the discussions on the national databases in Commission working groups. The respect of the deadline for notification is also one of the criteria for recognition by the Commission of the fully operational character of the national database, and it is included in the commitments undertaken by Member States to improve the reliability of their database. Furthermore proper communication of the data to the competent authority is one element to be included in the risk analysis when selecting the holdings for the controls in accordance with Regulation (EC) No 1082/2003, and previously Regulation (EC) No 2630/97.

54. The United Kingdom was the only Member State requesting specific advice from the Commission. The Commission provided such advice and guidance in the working groups with the participation of all Member States.

55. Following the 'on the spot' visits in the process of establishing recognition of the fully operational character of the national databases, the conclusions were discussed in the Commission working group, and a decision was prepared for adoption by the Commission. After adoption, the Commission Decision was published in the *Official Journal of European Union*.

In Germany, the authorities had undertaken the commitment to improve the reliability of the database ensuring in particular that: (i) further measures, including control measures should be taken to ensure the observation of the deadline of seven days for notification of movements, births and deaths; (ii) all kinds of movements are recorded in the database, and the data are monitored; (iii) the existing measures for promptly correction of any errors or deficiencies, which could be detected automatically or following the appropriate on-the-spot inspections are reinforced; (iv) further measures should be taken to ensure compliance on the national territory with Commission Regulation (EC) No 2630/97.

56. The Decision referred to in the response to point 55 was based on the commitments undertaken by the Member State. During the process of recognition of the fully operational character of the Portuguese and the British database, FVO found shortcomings incompatible with the commitments undertaken by the competent authorities, in particular late or absent notifications of births, deaths and movements and lack of rapid corrections following controls.

57. The Commission is of the opinion that the technical management and quality indicator used for the recognition of the fully operational character of the national databases were adequate. Having to cope with the legal vacuum on the conditions to recognise the operational character of national databases, the Commission has based the first round of assessment and recognition of the fully operational character of national databases on a set of pragmatic and coherent criteria (e.g. information recorded, procedure for entry of data and to ensure the quality of data). The Commission services have developed a questionnaire and established a practice based on an internal checklist for the purposes of assessing the databases during 'on-the-spot' visits.

It should be kept in mind that even the best software can only work if data are properly introduced. This is the responsibility of the Member States.

61 and 62. During the process of recognition of the fully operational character of the national databases of Portugal and the United Kingdom (Great Britain), severe shortcomings were found by the FVO. Therefore the draft decisions have not been presented to the Commission for formal approval but are pending the appropriate actions by the Member States to overcome these shortcomings.

64. Given the limitations imposed by the Council in the basic Regulation, the multiplicity of objectives pursued, and the vagueness of the regulatory framework, all the facts of each concrete situation should be considered and weighted. There is no legal basis to withdraw the recognition of the fully operational character of the Northern Ireland database.

67. All the missions in question were completed in 2002. A detailed report of the comments, conclusions and recommendations was drawn up, sent to each Member State for comment, finalised and published on the Internet.

Each Member State was asked to submit an action plan to correct the weaknesses identified.

The replies and action plans submitted by each Member State were assessed by the FVO. Some of the action plans were not considered satisfactory and further information or commitments were required.

All these reports were monitored and, in the most difficult cases, further on-the-spot inspections were made to assess progress at first hand.

A general report was also drawn up listing the major events in this series of missions in the Member States. This too was published on the Internet.

The Commission also used the information and experience it gained from these missions to produce a document listing the minimum criteria for validating the data entered in the databases, and the requirements for each of these benchmarks.

70. The situation as regards statistical monitoring has changed since the Court carried out its audit. To improve the clarity and the comparability of the annual reports of Member States on controls made in the bovine sector regarding Community provisions for identification and registration, the Commission adopted Regulation (EC) No 499/2004 amending Regulation (EC) No 1082/2003 as regards the time limit and the model for reporting in the bovine sector.

74. The governing IACS Regulations are very specific regarding irregularities to be penalised by application of aid reductions or exclusions.

As regards the anomalies given as examples by the Court, Member States should make appropriate recourse to the application of the administrative penalties laid down by Article 10(e) of Council Regulation (EC) No 1760/2000.

FINDINGS OF THE COURT'S AUDITS IN THE MEMBER STATES VISITED

83. Member States shall ensure that the national database is fully operational since 31 December 1999 and that information on each bovine animal and all holdings, where it has been kept, can be provided at any time. Directive 64/432/EEC requires bovine animals intended for intra-Community trade to be accompanied by a health certificate issued by an official veterinarian including information on the identification of the animals concerned as well as on the holding of destination. In addition for the latter category of animals there shall be a notification from the keeper on the holding from where the animal is moved.

87. Regulation (EC) No 1760/2000 requires each keeper to notify to the competent authority all movements to and from the holding. Furthermore, proper communication of data to the competent authority is an element of the risk analysis, which shall be the basis for the selection of holdings to be inspected in the framework of controls. The Commission has provided guidance in the working group with participation of all Member States and FVO has provided recommendations where appropriate.

88. The definition of keeper in Regulation (EC) No 1760/2000 covers slaughterhouses, which shall therefore be included in the national database. The Commission services raised this issue during the process of recognition of the fully operational character of the French database, and the French authorities undertook among other commitments to ensure that all kinds of movements shall be recorded in the database. FVO has provided recommendations following findings similar to those of the auditors.

CONCLUSION AND RECOMMENDATIONS

92. As acknowledged by the Court, the Commission submitted a proposal concerning the exchange of information between the national databases, but this proposal was rejected by the Council. Due to the legal vacuum no applicatory decisions can be taken.

The ANIMO system is a computerised system for exchange of information on consignments of animals traded between Member States. This system will be replaced by Traces, which is a new IT system designed to improve the management of animal movements both from outside and within the EU. Traces will improve the amount and the quality of the information to trace animal movements as well as the exchange of information between national and EU authorities and will provide a system of electronic veterinary certificates. The Commission introduced Traces in April 2004 and a harmonised model certificate and inspection report linked to intra-Community trade in animals and products of animal origin has been laid down by Commission Regulation (EC) No 599/2004. This model certificate includes information on the identification of animals.

In addition, bovine animals shall be accompanied by a health certificate issued by an official veterinarian according to Directive 64/432/EEC including information on the sanitary status as well as the identification of the animals, when they are dispatched to other Member States.

Furthermore mutual assistance between the administrative authorities of Member States and cooperation between Member States and the Commission to ensure the correct application of legislation on veterinary and zootechnical matters is covered by Directive 89/608/EEC, which is referred to in Regulation (EC) No 1760/2000, recital 11.

93. The Commission takes note of the recommendation of the auditors that notifications should be subject to accurate and identical rules in all Member States, but Regulation (EC) No 1760/2000, adopted by the European Parliament and the Council, does not provide for the adoption of detailed rules on the procedure for notification of the keeper to the competent authority.

The Commission agrees with the recommendation of the auditors with regard to adaptation of the holding register to the activity of the keeper taking into account the technological developments. However, it should be noted that the current legislation provides the option for Member States to use bar codes and the internet.

The Commission agrees with the recommendation of the auditors with regard to the setting-up procedures for the control of the return of passports to the issuing authority, but Regulation (EC) No 1760/2000 does not provide for the adoption of detailed rules for these procedures.

94. The Commission submitted a proposal concerning the exchange of information between the national databases, but this proposal was rejected by the Council.

95. There is a need for established transparent criteria and benchmarks based on shared standards. Despite the legal vacuum, the Commission services have started the review and consolidation of the criteria and benchmarks currently used. These benchmarks have already been discussed in several coordination meetings with FVO and in Commission working groups with participation of all Member States.

96. Regulation (EC) No 1760/2000 does not provide for renewal of the recognition of the operational character or annual certification of the national databases. It is the responsibility of Member States to have in place an operational national database.

The system of identification and registration of bovine animals, including the national database, has been subject to inspections by FVO, in particular during the round of inspection missions on traceability carried out in 2002, but also during inspection missions covering issues where animal identification plays an important role. Based on the findings of these missions, FVO has provided recommendations for the necessary actions to be taken by the Member States concerned.

97. The Commission takes note of the recommendation of the auditors to review the rules for controls and sanctions.

The detailed rules for the application of minimum administrative sanctions are laid down in Regulation (EC) No 494/98 leaving

open the possibility for Member States to establish other national administrative or criminal penalties, taking into account the seriousness of infringements.

The detailed rules for the minimum level of controls are laid down in Regulation (EC) No 1082/2003, replacing Regulation (EC) No 2630/1997.

The Commission considers that to integrate the identification system with IACS would, given the systems' different objectives, jeopardise the smooth operation of the animal premiums system and could be open to legal challenges. The IACS concerns itself, inter alia, with animals for which CAP premium has been **claimed**; therefore the only relevant 'reconciliation control' to be made is to ensure that such animals appear in the SIEB.

The system of identification must provide for the tracing of animals through all movements for veterinary purposes, i.e. a rapid tracing of infected animals when disease outbreaks occur to ensure a speedy and efficient control of the disease.

In drafting IACS legislation and interpretations thereof, due care has been taken to ensure that aid reductions or exclusions are applied in proportion to the offence and only where appropriate. The Commission believes that regulatory controls should be as practical and efficient as possible, whilst providing the necessary financial safeguards.

98. First of all, amending the rules would not alter the fact that cows aged over 30 months, which were not subject to the obligations of identification and registration, are still presented at slaughterhouses and could even create a risk of these animals being slaughtered clandestinely.

Secondly, in the light of the opinion of the 'Food Safety Authority', the United Kingdom authorities intend, at a date which has not yet been fixed but will probably be early in 2005, to stop the slaughter of animals over 30 months.

99. The Commission acknowledges that traceability of all bovine animals cannot be absolutely guaranteed. However, given the legal vacuum the efforts of the Commission services have aimed at assisting Member States to increase the reliability of their national databases through the on-going development of benchmarks. Furthermore the introduction of Traces will contribute to ensure the traceability of animals in intra-Community trade.