

Joint (Industry/Government) Working Group on Sharing Responsibilities and Costs of Animal Disease

REPORT OF MEETING WITH ERIC MARIN (DG SANCO) 22 FEBRUARY 2006

1. The JIGWG co-chairman, Stewart Houston, and I met with Eric Marin on 22 February in Brussels.
2. Eric Marin is one of the key Commission officials charged with taking forward the review of the Community Animal Health Policy (CAHP).¹ This review is part of the new EU Animal Health Strategy to improve the prevention and control of animal disease in the EU which was announced by the European Health and Consumer Protection Commissioner Markos Kyprianou in December 2004. As part of this review, the Commission are looking at the financing of control measures for livestock epidemics with a view to introducing harmonised cost sharing arrangements across the Community. Eric further explained that as the EU Animal Health Strategy is a high priority the Commission intends to publish a Communication accompanied by an Action Plan in January 2007.
3. The purpose of the meeting was to:
 - a. update Eric on the progress made to date by the JIGWG in England;
 - b. obtain the Commission perspective on sharing responsibilities and risks with industry for dealing with exotic disease outbreaks; and;
 - c. gain a better understanding of the timelines to which the Commission are working in order to see if we in JIGWG can better influence their thinking.
4. Eric began by saying that he regarded the UK as a key player in this field. This was because he felt that the UK has developed a process which entailed industry and government working in partnership in developing risk and cost sharing arrangements together. He implied that working in partnership with industry was a new approach for Commission officials and they had much to learn from the UK experience. However, he felt that it was important that the UK did not go alone in developing its arrangements.
5. The Commission had commissioned a feasibility study on cost sharing schemes for livestock epidemics and also looked at the current cost sharing arrangements between Government and industry in The Netherlands, Spain, France, Germany and Australia. They were currently in the process of drawing up options for harmonised schemes for epidemic animal diseases for the EU. An expert workshop has been

¹ Nigel Gibbens is the UK official on the CAHP review Steering Group

arranged for 17 March when the outputs of these exercises will be presented (Agenda attached at Annex A).

6. Following the Expert Workshop, Commission officials intend to finalise options over Summer 2006 and prepare a draft report which will be sent to Member States and Stakeholders for comment. The final report will be presented to a Stakeholder Conference planned for 7 November 2006. Following the Conference, Eric believes that the Commission will have a better understanding of stakeholder views and that should inform the final content of the Commission Communication and Action Plan.
7. Eric expects that the EU Animal Health Strategy will be similar to the GB Animal Health Strategy.
8. An element of the Action Plan will be proposals to modify Community financial instruments in relation to the operation of the Veterinary Fund.
9. As part of the review of CAHP, Eric said that the Commission are carrying out an internet questionnaire survey. The questionnaire is on the Europa website². The deadline for responses was 28 February 2006 but the Commission will be happy to consider late responses and submissions from stakeholders up to end of March.
10. Stewart explained that the underlying philosophy of the approach taken by JIGWG was that sharing costs was an element of sharing responsibility between government and industry for tackling exotic animal diseases. The primary aim of cost sharing should be to reduce the risk of an outbreak occurring and stop spread of diseases. The methodology adopted by JIGWG was to identify key issues, such as border control, at its early meetings and was steadily work through these. We were also holding a stakeholder workshop/conference on 4 April 2006 and Stewart thanked Eric for agreeing to participate.
11. Eric appeared to agree on the point about sharing responsibility but said that a key challenge was to agree on the exact division of responsibility for epidemic animal diseases between Government, livestock farmers and the rest of the food chain. That is why he was very appreciative of the input from Ross Adams when he paid a visit, with Roger Walsh, to the Commission and explained the Australian system for categorisation of diseases.
12. Eric was particularly attracted to the disease categorisation system used in Australia because this encapsulated a serious debate about allocation of responsibilities between the parties and he wished to see something similar adopted for the Community. We spent a good deal of time discussing the intricacies of disease categorisation and the principles to be applied. (As regards diseases to be included in the list, he

² http://europa.eu.int/comm/food/animal/diseases/strategy/index_en.htm

considered that this should be based on an accepted source e.g. the OIE list).

13. On the issue of compensation payments for animals culled for disease control purposes, Eric was of the view that if it is agreed that the split between the public authority and industry is 80% government and 20% industry for a given disease, then the EU Veterinary fund would apply to the 80% government share alone. The 20% to be met by industry would be financed by whatever means the industry chooses e.g. levy, insurance or bank guarantee.
14. This led to a discussion of the use of insurance as a tool to finance the industry contribution. Eric felt that as currently articulated, he could not envisage why a private insurance company would wish to provide cover against exotic animal disease. This was because there is no clear understanding of risks, how they could be mitigated, and therefore the potential liability. Also he considered that farmers needed to talk to the insurance industry in a language that insurers could understand.
15. Finally, we touched on the issue of how a cost sharing arrangement could encourage on farm biosecurity and more generally incentivise risk reducing behaviour. Eric said that there had not been much systematic thinking on this but he could see various options such as over compensating the first person who reports disease. Also Member States could support biosecurity enhancement through existing financial mechanism such as Pillar II of CAP.
16. In conclusion, we agreed to maintain a close working relationship between the Commission initiative and the work of JIGWG. It is also clear that DG SANCO wants to learn from JIGWG and is seeking input in shaping its proposals which will apply on a EU-wide basis.

Nafees Meah
March 2006

**AGENDA
FOR THE EXPERT WORKSHOP ON OPTIONS FOR
HARMONIZED COST-SHARING SCHEMES FOR EPIDEMIC
LIVESTOCK DISEASES**

17 March 2006

Brussels, Congress Centre 'Albert Borschette'

Room AB-2A, starting at 9:30h

SANCO---
Brussels, 15 February 2006

- 1. Introduction by the Commission**
- 2. Introduction by the Evaluation Team – the pre-feasibility study on cost-sharing schemes for livestock epidemics in the framework of the evaluation of the Community Animal Health Policy (CAHP)**
- 3. Overview of existing cost-sharing schemes for animal diseases at the national level and incentives provided for prevention**
 - 3.1. The Netherlands: Animal Health Funds*
 - 3.2. Spain: Agroseguro
 - 3.3. Germany: Tierseuchenkassen
 - 3.4. Australia: Emergency Animal Disease response Agreement (EADRA)
 - 3.5. France: Groupement de défense sanitaire – FMD funds*
- 4. Discussion on incentive compatibility of existing schemes**

- Break before afternoon session -
- 5. Criteria for harmonised cost-sharing schemes for epidemic animal diseases**
- 6. Initial analysis of options for harmonized cost-sharing schemes for epidemic animal diseases**
- 7. Discussion on advantages and disadvantages of different options and degree of harmonisation needed**
- 8. The UK experience - the process of setting up a national cost-sharing scheme***
- 9. Conclusion**

**to be confirmed*