



4.5.2017

OPINION

of the Committee on International Trade

for the Committee on the Internal Market and Consumer Protection

on the proposal for a regulation of the European Parliament and of the Council laying down rules on making available on the market of CE marked fertilising products and amending Regulations (EC) No 1069/2009 and (EC) No 1107/2009
(COM(2016)0157 – C8-0123/2016 – 2016/0084(COD))

Rapporteur: Jarosław Wałęsa,

SHORT JUSTIFICATION

While welcoming the stated aims of the Revision of the Fertilisers Regulation, endeavouring to boost resource efficiency, to increase harmonisation, to reduce import dependency and to incentivise fertiliser production in the EU, the rapporteur underscores flaws related to its estimated wider impact. The rules, proposed without a strong scientific footing, can both jeopardise European producers and be challenged by the EU's trading partners. The proposal could also be at odds with the principle of a better regulation, obliging to design EU policies and laws so that they achieve their objectives in the most efficient and effective way possible.

International trade context

The European Union is almost entirely dependent on imports of phosphate rock. The proposal for a revised Fertiliser Regulation, as adopted by the Commission in March 2016, will have a profound impact on international trade. Foremost, the proposed unrealistic cadmium limit could lead to a major disturbance of trade with a number of phosphate rock producing countries and raises serious questions on the WTO compliance.

If adopted in their current form, the revised rules would seriously limit export flows of a number of developing countries. Most countries exporting phosphate rock to the EU would be unable to meet the limits proposed by the Commission. The proposed limits have a potential to heighten bilateral trade tensions and could lead to the WTO dispute settlement proceedings. In addition, they can exacerbate a shortage of phosphate rock usable for production of EC-marked fertilizers, which would have a detrimental impact on EU phosphate fertilizer producers that are completely dependent on imported rock.

In this context, your rapporteur suggests introducing additional measures authorising temporary derogations that would enable the industry to adapt to the changing regulatory environment. A scientifically justified average cadmium limit of 80 mg Cd/kg in phosphate rock would ensure WTO compliance, thus reducing trade tensions.

Conclusions

The updated rules must not undermine the efforts of the EU companies to break their import dependence, to diversify their import supplies on international markets and to avoid being dependent on a few price-distorting sources of raw material imports. Furthermore, it must not undermine the coherence of the EU policies towards the countries in its Southern neighbourhood.

The rapporteur regrets lack of engagement from the Commission in relation to concerns that proposed measures can gravely distort trade patterns in international raw materials trade. Your rapporteur considers that cadmium limits, put forward without a credible scientific basis, can seriously damage EU credibility vis-à-vis its trading partners, undermine sourcing of raw materials, divert international trade flows and have an irreparable impact on the EU industry.

Specifically, third countries that have monopolized raw material deposits may seek to exploit their privileged position and the limits imposed by the Regulation to further tighten the supply

of raw materials and increase their market share of finished fertilising products, making EU dependent imports of finished fertilizer which has food security implications.

Consequently, the Commission should step up monitoring, reporting and action on negative market and trade implications of the envisaged measures in order to safeguard stable and affordable access to raw materials, ensuring effective competition and competitiveness of the EU fertilizer industry. Special attention must be paid to distortions, such as dual pricing, regulated domestic prices, export restrictions, export duties and monopolistic or oligopolistic structures within the raw material industries of third countries. Finally, many of the limited number of the global phosphate rock deposits are not available to EU producers, and the Rapporteur would like the Commission to use the tools at its disposal to increase the fluidity of raw material supplies.

AMENDMENTS

The Committee on International Trade calls on the Committee on the Internal Market and Consumer Protection, as the committee responsible, to take into account the following amendments:

Amendment 1

Proposal for a regulation Recital 60 a (new)

Text proposed by the Commission

Amendment

(60a) It is necessary to assess and mitigate potential negative economic and social impacts of this Regulation on those European neighbourhood countries and developing countries that are highly-dependant on phosphate-rock and fertiliser exports. The Commission should take the necessary steps to promote recycling and industrial-scale decadmiation technologies and processes, facilitating compliance with the conditions for CE marking. Funding opportunities should also be provided to introduce cadmium removal processes, in particular through the “Horizon 2020” research programme and European Investment Bank external funding projects.

Amendment 2

Proposal for a regulation

Recital 60 b (new)

Text proposed by the Commission

Amendment

(60b) Due to the high level of dependency on phosphate rock imports in the Union, the Commission has classified that material as a critical raw material. It is therefore necessary to monitor the impact of this Regulation on access to raw material supplies in general, on the availability of phosphate rock in particular, and, in both cases, on prices. After such evaluation, and in the case of negative impact, the Commission should take any measures that it deems to be appropriate in order to remedy those disturbances to trade.

Justification

Phosphate rock was listed as a critical Raw Material as it combines a high economic importance to the EU with a high risk associated with their supply. The EC should monitor and report the impact of this regulation on the access, availability and prices of phosphate rock after its entry into force. The EC should also be able to take measures to remedy trade distortions.

Amendment 3

Proposal for a regulation

Article 44 a (new)

Text proposed by the Commission

Amendment

Article 44a

Monitoring, reporting and assistance

By [three years after the date of entry into force of this Regulation] and every five years thereafter, the Commission shall present to the European Parliament and the Council a report which contains an assessment of the impact of this Regulation on:

- the security of raw material supplies, on

the availability of phosphate rock, on prices and on the Union economic operators, and in particular SMEs, and - the economies of the European Neighbourhood countries and developing countries highly-dependant on phosphate-rock and fertiliser exports. This shall integrate the developments of cadmium removal processes and the trends in phosphate imports.

The Commission shall take any appropriate measures to assist the Union operators, and in particular SMEs, in adjusting to the requirements of this Regulation, including improving the access to EU funding research opportunities.

In order to mitigate possible negative impact and facilitate compliance with the conditions for CE marking, the Commission shall provide European Neighbourhood countries and developing countries with technical and financial assistance, inter alia, in order to promote recycling and industrial-scale decadmiation technologies and processes.

Amendment 4

Proposal for a regulation

Annex I – part 2 – PFC 7 – point 3 – introductory part

Text proposed by the Commission

3. The blending shall not change the **nature** of each component fertilising product

Amendment

3. The blending shall not change the **function** of each component fertilising product

PROCEDURE – COMMITTEE ASKED FOR OPINION

Title	Laying down rules on the making available on the market of CE marked fertilising products
References	COM(2016)0157 – C8-0123/2016 – 2016/0084(COD)
Committee responsible Date announced in plenary	IMCO 11.4.2016
Opinion by Date announced in plenary	INTA 12.5.2016
Rapporteur Date appointed	Jarosław Wałęsa 20.4.2016
Discussed in committee	13.7.2016 5.12.2016 27.2.2017
Date adopted	4.5.2017
Result of final vote	+: 31 -: 4 0: 3
Members present for the final vote	Laima Liucija Andrikienė, Maria Arena, Tiziana Beghin, David Borrelli, Daniel Caspary, Salvatore Cicu, Santiago Fisas Aixelà, Heidi Hautala, Yannick Jadot, Bernd Lange, David Martin, Anne-Marie Mineur, Sorin Moisă, Franz Obermayr, Franck Proust, Tokia Saïfi, Marietje Schaake, Helmut Scholz, Joachim Schuster, Joachim Starbatty, Adam Szejnfeld, Hannu Takkula
Substitutes present for the final vote	Eric Andrieu, Bendt Bendtsen, Dita Charanzová, Edouard Ferrand, Danuta Maria Hübner, Agnes Jongerius, Stelios Kouloglou, Sander Loones, Bolesław G. Piecha, Fernando Ruas, José Ignacio Salafranca Sánchez-Neyra, Pedro Silva Pereira, Jarosław Wałęsa
Substitutes under Rule 200(2) present for the final vote	Beatriz Becerra Basterrechea, Edward Czesak, Marco Zanni

FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

31	+
ALDE	Becerra Basterrechea Beatriz, Schaake Marietje, Takkula Hannu
ECR	Czesak Edward, Loones Sander, Piecha Bolesław G., Starbatty Joachim
EFDD	Beghin Tiziana, Borrelli David
PPE	Andrikienė Laima Liucija, Bendtsen Bendt, Caspary Daniel, Cicu Salvatore, Fisas Ayxelà Santiago, Hübner Danuta Maria, Proust Franck, Ruas Fernando, Salafranca Sánchez-Neyra José Ignacio, Saïfi Tokia, Szejnfeld Adam, Wałęsa Jarosław
S&D	Andrieu Eric, Arena Maria, Jongerius Agnes, Lange Bernd, Martin David, Moisă Sorin, Schuster Joachim, Silva Pereira Pedro
VERTS/ALE	Hautala Heidi, Jadot Yannick

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ENF	Zanni Marco
GUE/NGL	Kouloglou Stelios, Mineur Anne-Marie, Scholz Helmut

3	0
ALDE	Charanzová Dita
ENF	Ferrand Edouard, Obermayr Franz