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2009 - 2014

Committee on Development

2011/0281(COD)

21.6.2012

OPINION

of the Committee on Development

for the Committee on Agriculture and Rural Development

on the proposal for a regulation of the European Parliament and of the Council
establishing a common organisation of the markets in agricultural products
(Single CMO Regulation)
(COM(2011)0626 – C7-0339/2011 – 2011/0281(COD))

Rapporteur: Birgit Schnieber-Jastram

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SHORT JUSTIFICATION

From the perspective of development policy, one could suggest an entirely different CAP than that presented in the reform proposals by the Commission. However, a number of well-known incoherencies have been dealt with during past CAP reforms, a trend continued by the current Commission proposals. Farm support has been largely decoupled and the roles of market intervention mechanisms and export refunds have been significantly reduced.

One of the major innovations in the latest reform proposal is the mandatory greening component of direct payments, by supporting environmental measures across the EU, giving priority to climate and environmental policy goals. This will not create a competitive situation with farmers in developing countries. In addition, the mandatory environmental measures will contribute to curbing climate change, which has heavy repercussions on many developing countries. While details may have to be improved, the rapporteur strongly supports the greening component of the Commission proposal.

Despite the positive trends, however, there are still real problems that should be addressed from the viewpoint of development policy. The reformed CAP continues to have external effects which are not sufficiently reflected in the Commission proposals. Therefore, the CAP regulations must be carefully checked in light of the Treaty obligation to ensure Policy Coherence for Development (PCD) (Article 208 TFEU).

There are no across-the-board-impacts of the CAP on all developing countries but it has been shown that in concrete cases individual CAP measures can lead to import surges in developing countries which threaten the livelihoods of local farmers and undermine agricultural sector policies adopted by developing countries to enhance their long-term food security. In addition, in the light of a broader understanding of PCD which goes beyond "do no harm", some elements of the "second pillar" could help create synergies and enhance cooperation between farmers in Europe and the developing world.

The rapporteur therefore proposes amendments along the following lines:

- The CAP should be placed in the broader framework of the EU's Policy Coherence for Development and its external impacts should be closely monitored, involving the governments and stakeholders of the partner countries.
- Export subsidies should be totally phased out. In the meantime, export refunds should not be granted if there is a risk of serious harm for local producers in developing countries. In general, safety net measures such as intervention buying can lead to a replacement of adjustment costs for non-EU producers.
- The EU's policy and dependence on protein plant imports has negative environmental and social impacts in exporting developing countries. Promoting the growing of leguminous crops in Europe could also mitigate climate change and could positively contribute to biodiversity and soil fertility.

- As already proposed by the Development Committee in 2011, direct payments should be decoupled from production "so as to create a level playing field between EU and developing countries' agricultural products and stimulate fair trade and sustainable growth".

Development policy and policy dialogue have to be used in a targeted manner to enable developing countries to benefit from international agricultural trade and to apply, as the Union does, modern market management instruments. The rapporteur is aware that some challenges simply can not be addressed in the context of this regulation, for example the question of strengthening EU-ACP supply chains and supply chains within the ACP countries themselves. Since the production systems in developing countries grew parallel to the EU system, they are closely intertwined and any effort to strengthen the EU's supply chains will fail if this interconnectedness is not sufficiently taken into account and only internal EU supply chains are improved. For example, the use of modern market management instruments in developing countries, in particular the least developed countries (LDCs), such as more transparency, capacity building, timely exchange of information on standards, technical regulations or support with regard to contract negotiation, should be encouraged.

The core challenge for PCD is when interests in developing countries and in Europe conflict. The long-term perspective is that these interests can be aligned and the creation of win-win situations can be facilitated. Thus, the aim of the rapporteur's proposals is not to undermine the CAP's legitimate goals but to make selective adjustments where they are deemed necessary from the perspective of development policy.

AMENDMENTS

The Committee on Development calls on the Committee on Agriculture and Rural Development, as the committee responsible, to incorporate the following amendments in its report:

Amendment 1

Proposal for a regulation

Recital 1a (new)

Text proposed by the Commission

Amendment

(1a) The reform should ensure that, in accordance with Article 208 of the Treaty on the Functioning of the European Union (TFEU), objectives of development cooperation, including those approved in the context of the United Nations and other international organisations, are taken into account by the CAP. Measures

taken under this regulation should not jeopardize the food production capacity and long term food security of developing countries, in particular least developed countries (LDCs), and contribute to achieving the Union's commitments on mitigating climate change.

Justification

According to Article 208 TFEU, all EU policies which are likely to affect developing countries must take development objectives into account. Facilitating developing countries' agricultural development and enhancing global food security are major objectives of EU development cooperation. The EU's agricultural policy has external effects, influencing in particular agricultural trade. The PCD principle requires that potential repercussions on local agricultural markets and local producers in developing countries be monitored and, wherever possible, avoided.

Amendment 2

Proposal for a regulation

Recital 34

Text proposed by the Commission

(34) The production and marketing of fruit and vegetables should fully take into account environmental concerns, including cultivation practices, management of waste materials and disposal of products withdrawn from the market, in particular as regards protection of water quality, maintenance of biodiversity and the upkeep of the countryside.

Amendment

(34) The production and marketing of fruit and vegetables should fully take into account environmental concerns, including cultivation practices, management of waste materials and disposal of products withdrawn from the market, in particular as regards protection of water quality, maintenance of biodiversity and the upkeep of the countryside. ***Priority should be given to fair trade products.***

Amendment 3

Proposal for a regulation

Recital 83

Text proposed by the Commission

(83) Specific instruments will still be needed after the end of the quota system to ensure a fair balance of rights and

Amendment

(83) Specific instruments will still be needed after the end of the quota system to ensure a fair balance of rights and

obligations between sugar undertakings and sugar beet growers. Therefore, the standard provisions governing agreements between them should be established.

obligations, ***transparency in price-formation and fair contractual arrangements*** between sugar undertakings and sugar beet growers, ***especially from developing countries***. Therefore, the standard provisions governing agreements between them should be established.

Amendment 4

Proposal for a regulation

Recital 94

Text proposed by the Commission

(94) A single market involves a trading system at the external borders of the Union. That trading system should include import duties and export refunds and should, in principle, stabilise the Union market. The trading system should be based on the undertakings accepted under the Uruguay Round of multilateral trade negotiations and in bilateral agreements.

Amendment

(94) A single market involves a trading system at the external borders of the Union. That trading system should include import duties and ***should continue to include, for a limited period,*** export refunds and should, in principle, stabilise the Union market. The trading system should be based on the undertakings accepted under the Uruguay Round of multilateral trade negotiations and in bilateral agreements, ***and take into account the Union's development objectives and commitments towards developing countries as well as the commitment of the 2005 WTO ministerial declaration of eliminating all forms of export subsidies until 2013.***

Amendment 5

Proposal for a regulation

Recital 105

Text proposed by the Commission

(105) The customs duty system makes it possible to dispense with all other protective measures at the external borders of the Union. The internal market and duty mechanism could, in exceptional circumstances, prove to be inadequate. In

Amendment

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such cases, in order not to leave the Union market without defence against disturbances that might ensue, the Union should be able to take all necessary measures without delay. Such measures should comply with the international commitments of the Union.

such cases, in order not to leave the Union market without defence against disturbances that might ensue, the Union should be able to take all necessary measures without delay. Such measures should comply with the international commitments of the Union ***and policy coherence for development.***

Amendment 6

Proposal for a regulation Recital 107

Text proposed by the Commission

(107) Provisions for granting refunds on exports to third countries, based on the difference between prices within the Union and on the world market, and falling within the limits set by the commitments made within the WTO, should serve to safeguard the Union's participation in international trade in certain products falling within this Regulation. Subsidised exports should be subject to limits in terms of value and quantity.

Amendment

(107) Provisions for granting refunds on exports to third countries, based on the difference between prices within the Union and on the world market, and falling within the limits set by the commitments made within the WTO, should serve to safeguard the Union's participation in international trade in certain products falling within this Regulation. Subsidised exports should be subject to limits in terms of value and quantity. ***Export refunds should be phased out by 2016.***

Amendment 7

Proposal for a regulation Recital 109a (new)

Text proposed by the Commission

Amendment

(109a) In order to ensure policy coherence for development, the power to adopt acts in accordance with Article 290 TFEU should be delegated to the Commission in respect of criteria and procedures for granting export refunds for exports to developing countries.

Justification

See amendment to recital 107.

Amendment 8

**Proposal for a regulation
Article 2a (new)**

Text proposed by the Commission

Amendment

Article 2a

Policy coherence for development

In accordance with Article 208 TFEU, objectives of development cooperation, including those approved in the context of the United Nations and other international organisations, shall be taken into account in the implementation of this regulation. Measures taken under this regulation shall not jeopardise the food production capacity and long term food security of developing countries, in particular of least developed countries (LDCs), and contribute to achieving the Union's commitments on mitigating climate change.

Justification

According to Article 208 TFEU, all EU policies which are likely to affect developing countries must take development objectives into account. Facilitating developing countries' agricultural development and enhancing global food security are major objectives of EU development cooperation. The EU's agricultural policy has external effects, influencing in particular agricultural trade. The PCD principle requires that potential repercussions on local agricultural markets and local producers in developing countries be monitored and, wherever possible, avoided.

Amendment 9

**Proposal for a regulation
Part 2 – article 21 – paragraph 3**

Text proposed by the Commission

Amendment

3. When drawing up their strategies,

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Member States shall draw up a list of products of the fruit and vegetables, processed fruit and vegetables, and bananas sectors that will be eligible under their respective schemes. This list, however, shall not include products excluded by the measures adopted by the Commission by means of delegated acts pursuant to point (a) of Article 22(2). Member States shall choose their products on the basis of objective criteria which may include seasonality, availability of produce or environmental concerns. In this connection, Member States may give preference to products originating in the Union.

Member States shall draw up a list of products of the fruit and vegetables, processed fruit and vegetables, and bananas sectors that will be eligible under their respective schemes, ***taking into account in particular fair trade products.*** This list, however, shall not include products excluded by the measures adopted by the Commission by means of delegated acts pursuant to point (a) of Article 22(2). Member States shall choose their products on the basis of objective criteria which may include seasonality, availability of produce or environmental concerns. In this connection, Member States may give preference to products originating in the Union.

Amendment 10

Proposal for a regulation Article 66

Text proposed by the Commission

General provisions

Taking into account the specificities in trade between the Union and certain third countries and the special character of some agricultural products, the Commission shall be empowered to adopt delegated acts in accordance with Article 160 to define the conditions under which imported products are considered to have an equivalent level of compliance with the Union marketing standards and conditions allowing derogation from Article 58 and determine the rules concerning the application of the marketing standards to products exported from the Union.

Amendment

General provisions

Taking into account the specificities in trade between the Union and certain third countries and the special character of some agricultural products, the Commission shall be empowered to adopt delegated acts in accordance with Article 160 to define the conditions under which imported products are considered to have an equivalent level of compliance with the Union marketing standards and conditions allowing derogation from Article 58 and determine the rules concerning the application of the marketing standards to products exported from the Union. ***In accordance with the EU's development objectives and international commitments, specific attention shall be paid to eliminating unnecessary obstacles to exports from developing countries, and to communicating changes of particular***

interest to these countries in due time.

Justification

The article should better reflect the specific obligations of the EU under the Agreement on Technical Barriers to Trade (TBT), which states that Members shall ensure that technical regulations, standards and conformity assessment procedures do not create unnecessary obstacles to exports from developing countries.

Amendment 11

Proposal for a regulation
Article 117 - paragraph 1

Text proposed by the Commission

Amendment

General provisions

1. Without prejudice to cases where import or export licences are required in accordance with this Regulation, the import for release into free circulation or the export of one or more agricultural products into or from the Union may be made subject to the presentation of a licence, taking into account the need for licences for the management of the markets concerned ***and, in particular***, for monitoring trade in the products concerned.

General provisions

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Justification

Export licenses could be used as a tool to monitor and possibly regulate trade in sensitive products with developing countries, in order to avoid adverse effects for emerging farming sectors in developing countries. Unilateral export restrictions shall be avoided by close cooperation with the government of the partner country concerned.

Amendment 12

Proposal for a regulation Article 136 - paragraph 1a (new)

Text proposed by the Commission

Amendment

1a. In order to ensure policy coherence for development, no export refunds shall be granted for exports to developing countries if there is a risk that the export of the respective product would be harmful to local producers. The Commission shall be empowered to adopt delegated acts in accordance with Article 160 of this regulation to define the conditions and procedures for granting export refunds for exports to developing countries.

Justification

During a transitional phase where export refunds can still be used, the Commission should define criteria and procedures for granting export refunds for exports to developing countries, in particular LDCs, which ensure that exports are in accordance with EU development objectives. In particular, any export refunds for exports which could be harmful to local producers in developing countries shall be avoided.

Amendment 13

Proposal for a regulation Part 5 – article 157 – paragraph 1 – subparagraph 1

Text proposed by the Commission

Amendment

For the purposes of applying this Regulation, monitoring, analysing and managing the market in agricultural products, ensuring market transparency, the proper functioning of CAP measures, of checking, controlling, monitoring, evaluating and auditing CAP measures, implementing international agreements, including notification requirements under those agreements, the Commission may in accordance with the procedure referred to in paragraph 2 adopt the necessary

For the purposes of applying this Regulation, monitoring, analysing and managing the market in agricultural products, ensuring market transparency, the proper functioning of CAP measures, of checking, controlling, monitoring, evaluating and auditing CAP measures, implementing international agreements ***and policy coherence for development***, including notification requirements under those agreements, the Commission may in accordance with the procedure referred to

measures regarding communications to be made by undertakings, Member States and/or third countries. In so doing it shall take into account the data needs and synergies between potential data sources.

in paragraph 2 adopt the necessary measures regarding communications to be made by undertakings, Member States and/or third countries. In so doing it shall take into account the data needs and synergies between potential data sources, ***also taking into account data from third countries.***

Amendment 14

Proposal for a regulation

Part 5 – article 159 – paragraph 2 – point c a (new)

Text proposed by the Commission

Amendment

ca. agriculture-related programmes under the DCI.

Amendment 15

Proposal for a regulation

Part 6 – article 165 – paragraph 2 a (new)

Text proposed by the Commission

Amendment

2a. Articles 133 to 141 shall apply until 31 December 2016.

PROCEDURE

| | |
|---|---|
| Title | Common organisation of the markets in agricultural products (Single CMO Regulation) |
| References | COM(2011)0626 – C7-0339/2011 – 2011/0281(COD) |
| Committee responsible Date announced in plenary | AGRI 25.10.2011 |
| Opinion by Date announced in plenary | DEVE 25.10.2011 |
| Rapporteur Date appointed | Birgit Schnieber-Jastram 7.11.2011 |
| Discussed in committee | 24.4.2012 |
| Date adopted | 19.6.2012 |
| Result of final vote | +: 27 -: 0 0: 0 |
| Members present for the final vote | Thijs Berman, Michael Cashman, Véronique De Keyser, Nirj Deva, Leonidas Donskis, Charles Goerens, Catherine Grèze, Filip Kaczmarek, Michał Tomasz Kamiński, Gay Mitchell, Norbert Neuser, Jean Roatta, Birgit Schnieber-Jastram, Michèle Striffler, Keith Taylor, Eleni Theocharous, Patrice Tirolien, Ivo Vajgl, Anna Záborská, Iva Zanicchi |
| Substitute(s) present for the final vote | Agustín Díaz de Mera García Consuegra, Gesine Meissner, Csaba Óry, Judith Sargentini, Patrizia Toia |
| Substitute(s) under Rule 187(2) present for the final vote | Ioan Enciu, Gabriele Zimmer |