



2016/2250(INI)

4.5.2017

OPINION

of the Committee on Agriculture and Rural Development

for the Committee on Regional Development

on promoting cohesion and development in the outermost regions of the EU:
implementation of Article 349 TFEU
(2016/2250(INI))

Rapporteur: Ricardo Serrão Santos

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SUGGESTIONS

The Committee on Agriculture and Rural Development calls on the Committee on Regional Development, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

- A. whereas Article 349 of the Treaty on the Functioning of the European Union (TFEU) provides that the Council, on a proposal from the Commission and after consulting the European Parliament, can adopt specific measures aimed at adapting certain EU legal and policy provisions to the special characteristics of the outermost regions (ORs) and the constraints they face (particularly the additional costs) as a result, *inter alia*, of their remoteness, insularity, climate, small size and economic dependence on a few products;
 - B. whereas the Programme of Options Specifically Relating to Remoteness and Insularity (POSEI) is the key tool for applying Article 349 TFEU in relation to agriculture and it contributes effectively to the pursuit of the overall objectives of the Common Agricultural Policy (CAP), namely ensuring and sustaining viable food production, supporting balanced regional development and contributing to the sustainable management of natural resources;
 - C. whereas the aid available under POSEI, in particular, makes up a significant part of farmers' incomes, illustrating how important such measures are in terms of keeping farm businesses viable and generating revenue for producers;
 - D. whereas there are many forms of synergy between POSEI, the Union's rural development policy and national schemes to encourage training, help young farmers to start up, promote investment and support production;
 - E. whereas there is a high degree of complementarity between POSEI, national aid schemes and other CAP measures, in particular under the single common market organisation (CMO) arrangements for wine and for fruit and vegetables, and this should be highlighted;
 - F. whereas tropical agricultural products, especially bananas, from the ORs face low-cost competition in the form of organically grown produce from third countries under the system of recognition of equivalence with EU standards; whereas European producers are unable to develop organic production under the relevant legislation currently in force;
 - G. whereas the market in the ORs is not big enough to encourage companies to submit applications to place on the market specific pest control and other crop protection products;
- 1. Points to the importance of the ruling handed down on 15 December 2015, in which the Court of Justice established that Article 349 TFEU is the proper legal basis for adopting and adjusting EU legislative measures, thereby consolidating the status of the ORs and confirming the need for specific differentiated measures to be adopted in relation to all EU policies, for the purpose of mitigating the permanent or temporary, intrinsic or cyclical constraints affecting them thereby allowing their economies to compete on an equal footing with the rest of the Union;
 - 2. Points out that farming needs to be supported at European level to stimulate the

economies of the ORs and create jobs, maintaining the economic and social cohesion and the occupation of the land in these regions, while safeguarding the environment, biodiversity, and ecological and cultural values; notes, however, that the traditional export sectors (e.g. bananas and sugar for some ORs and milk and meat for the Azores) are mostly well supported, while the so-called diversification sectors, such as fruit and vegetables as well as animal production, are lagging behind despite their potential;

3. Maintains that POSEI is enabling agriculture to develop, diversify and survive in the ORs; draws attention to the Commission's POSEI implementation review, published on 15 December 2016, which makes the point that POSEI contributes to the aims of the CAP and that the potential of the current CAP measures and instruments to meet the specific needs of the ORs has not been demonstrated; supports the review's conclusion calling for the basic features of POSEI to be consolidated with a particular focus on specific support for passenger and goods transport, so as to avert the danger that agricultural production might be abandoned, with all the harmful consequences which that would entail for employment, the environment and the territorial dimension of the ORs;
4. Urges that the creation of a specific POSEI designed to support transport between islands and from the islands to the mainland be considered, bearing in mind that double insularity represents the main obstacle to development;
5. Stresses the importance, within the POSEI scheme, of flexibility for Member States in the process of defining their programmes, while calling for clearer strategies that, on the one hand, take into account the specific needs of Member States and, on the other, comply with comprehensive EU goals;
6. Stresses that the rural development programmes (RDPs) and POSEI represent essential tools in providing a timely response to increasingly serious and unforeseeable economic, social and territorial challenges, and that, in line with the subsidiarity principle, these programmes must continue to be presented, defined and managed by the representative bodies of the regions themselves;
7. Maintains that the end of the quota system in the milk sector, the loss of business opportunities resulting from the Russian embargo, growing price volatility, the globalisation of food supply, the steep decline in China's growth rate and the prevailing crisis all contribute to undermining the sustainability of milk production in the Azores, one of the main driving forces within the region's socio-economic fabric; points, therefore, to the need to take extraordinary measures to support and develop this sector, backed by the necessary resources, in order to help milk production continue in the Azores and to offset the effects of deregulation, constraints and restrictions resulting from changes in the market and the difficulty of selling production;
8. Considers that the Commission and the Member States should use the POSEI programme to increase support to the dairy sector in the form of direct payments and market actions, alongside complementary rural development measures;
9. Calls urgently for mechanisms that will safeguard the right to produce in the outermost regions concerned;
10. Warns of the potentially negative impact of free trade agreements on traditional OR

products (including milk, meat, peaches, sugar, bananas and rum), noting that, as the EU has progressively dismantled many market protection measures for agricultural and food products and signed numerous preferential access agreements with developing countries, the advantage conferred by customs duty exemptions is decreasing; urges the Commission to honour the commitment arising from the POSEI Regulation to gauge the impact of trade negotiations on matters affecting ORs and to involve the ORs in, and inform them about, negotiating processes; reiterates the importance of the support schemes for the milk, banana and sugar sectors; stresses the importance of transparent monitoring measures and effective, easily activated safeguard clauses; maintains that special sugars must be excluded from trade negotiations and urges the introduction of trading safeguard clauses for milk from the ORs;

11. Takes the view that POSEI must be granted a larger financial allocation in the next multiannual financial framework (MFF) in order to deal with market crises, and calls on the Commission to take into account Article 349 TFEU when activating extraordinary measures to tackle such crises and promoting specific actions and funding for ORs, especially for market crises in their traditional sectors, including milk, tomatoes, livestock and beef;
12. Urges the EU Milk Market Observatory to include the ORs, on an autonomous and independent basis, in its assessment of market prices for milk and to define clear criteria for declaring a crisis in this sector in these regions, together with the Commission, producer organisations and the Member State concerned;
13. Urges the Commission to carry out regular analyses of the markets of the ORs affected by trade agreements and to consult the national and regional authorities and producers in the ORs concerned to decide on appropriate support measures, including financial compensation, in case a serious deterioration of the situation of producers or markets occurs, or is likely to occur because of trade concessions made to third countries;
14. Points out that the POSEI programmes regularly show annual implementation rates of around 100 % and that the budget allocated to many of these measures is manifestly insufficient to cover the needs of the farming sector in these regions;
15. Believes that the POSEI budget must be increased in order to provide greater support for agricultural diversification measures and for products produced on a small-scale, such as dairy products from goats and sheep, honey, flowers, sugar beet, tea, pineapple, passion fruit and others;
16. Calls for POSEI to be strengthened and for the necessary funding to be earmarked in the negotiations on the future MFF, and points out that a reduction in the current financial envelope cannot be accepted under any circumstances;
17. Highlights the role of the EU quality schemes, and specifically the geographical labelling protected designation of origin (PDO) and protected geographical indication (PGI) schemes, and the opportunities they provide nationally, at European level and internationally; draws attention to the part played by such labelling schemes in enabling people to establish and maintain a livelihood, and in developing and retaining a workforce, not only in the ORs, but also in mountain and less-favoured regions; calls, therefore, for more targeted resources for the EU programmes to promote products

protected by geographical labelling;

18. Calls on the Commission to propose measures to adapt the Union rules currently in force, pursuant to Article 349 TFEU, so as to enable the development of an organic farming sector for tropical produce from the EU;
19. Calls on the Commission to negotiate efficient and operational safeguard clauses and stabilisation mechanisms for bananas, and to apply them effectively;
20. Highlights the tremendous importance of banana production in the socio-economic fabric of the outermost regions, and is therefore in favour of increasing support for producers;
21. Urges the Commission, bearing in mind that the shortage of land and problems in relation to land consolidation represent an obstacle to the entry of new farmers in the ORs, to support early retirement schemes accompanied by incentives designed to encourage young farmers to take up farming;
22. Emphasises that improvements in knowledge and technological advances, organic production and environmentally-friendly measures contribute to the enhancement of sustainable farming practices, thereby tackling socio-economic problems, boosting competitiveness within the single market and strengthening the traditional agricultural activities of the ORs;
23. Highlights that product differentiation and specialisation can further stimulate and promote local production, the processing and marketing of foodstuffs and thereby reduce existing disparities between the ORs and other EU regions;
24. Regrets the fact that this report is not accompanied by an opinion of the Committee on Fisheries, given that agriculture and fisheries form part of the primary sector in these regions, and also bearing in mind the importance of the sea and marine resources in promoting cohesion and development in the ORs and in the implementation of Article 349 TFEU;; urges the Commission, in this context, to respect Article 349 TFEU, also in relation to fisheries, by fully reinstating the independent POSEI-Pescas programme, which was abolished as part of the reform of the current European Maritime and Fisheries Fund (EMFF);
25. Stresses that the great remoteness of the ORs from markets for consumer goods makes double warehousing necessary as a result of the way in which modern logistics are organised; calls on the Commission, therefore, to consider, in the context of regulations on investment in such regions, the acceptability of warehousing outside the territory of the ORs;
26. Highlights the importance of rural development programmes in the ORs, first and foremost as a result of their role in complementing direct support and in implementing the guidelines defined by the EU, namely: (1) promoting social inclusion, poverty reduction and economic development in rural areas; (2) promoting food chain organisation, animal welfare and risk management in agriculture; (3) fostering knowledge transfer and innovation in agriculture, forestry, and rural areas; (4) enhancing the viability and competitiveness of all types of agriculture and promoting innovative farm technologies and sustainable management of forests; and (5) promoting resource efficiency and

supporting the shift towards a low-carbon and climate-resistant economy in the agriculture, food and forestry sectors.

INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION

Date adopted	3.5.2017
Result of final vote	+: 35 -: 4 0: 3
Members present for the final vote	Clara Eugenia Aguilera García, Eric Andrieu, Richard Ashworth, José Bové, Daniel Buda, Nicola Caputo, Viorica Dăncilă, Michel Dantin, Paolo De Castro, Jean-Paul Denanot, Albert Deß, Diane Dodds, Jørn Dohrmann, Herbert Dorfmann, Norbert Erdős, Edouard Ferrand, Luke Ming Flanagan, Beata Gosiewska, Martin Häusling, Anja Hazekamp, Esther Herranz García, Jan Huitema, Peter Jahr, Ivan Jakovčić, Jarosław Kalinowski, Elisabeth Köstinger, Zbigniew Kuźmiuk, Philippe Loiseau, Mairead McGuinness, Nuno Melo, Ulrike Müller, James Nicholson, Maria Noichl, Marijana Petir, Laurențiu Rebega, Bronis Ropė, Maria Lidia Senra Rodríguez, Ricardo Serrão Santos, Czesław Adam Siekierski, Tibor Szanyi, Marc Tarabella
Substitutes present for the final vote	Franc Bogovič, Stefan Eck
Substitutes under Rule 200(2) present for the final vote	James Carver

FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

35	+
ALDE	Ulrike Müller
ECR	Richard Ashworth, Jørn Dohrmann, Beata Gosiewska, Zbigniew Kuźmiuk, James Nicholson
ENF	Edouard Ferrand, Philippe Loiseau, Laurențiu Rebega
GUE/NGL	Luke Ming Flanagan, Maria Lidia Senra Rodríguez
NI	Diane Dodds
PPE	Daniel Buda, Michel Dantin, Albert Deß, Herbert Dorfmann, Norbert Erdős, Esther Herranz García, Peter Jahr, Jarosław Kalinowski, Elisabeth Köstinger, Mairead McGuinness, Nuno Melo, Marijana Petir, Czesław Adam Siekierski
S&D	Clara Eugenia Aguilera García, Eric Andrieu, Nicola Caputo, Paolo De Castro, Jean-Paul Denanot, Viorica Dăncilă, Maria Noichl, Ricardo Serrão Santos, Tibor Szanyi, Marc Tarabella

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ALDE	Jan Huitema
EFDD	James Carver
GUE/NGL	Stefan Eck, Anja Hazekamp

3	0
Verts/ALE	José Bové, Martin Häusling, Bronis Ropė

Key to symbols:

+ : in favour

- : against

0 : abstention