

# EUROPEAN PARLIAMENT

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**A5-0164/2001**

2 May 2001

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## **RECOMMENDATION**

on the proposal for a Council Regulation amending Regulation (EC) No 1260/1999 laying down general provisions on the Structural Funds (COM(2000) 774 – C5-0752/2000 – 2000/0306(AVC))

Committee on Regional Policy, Transport and Tourism

Rapporteur: Helmuth Markov

### ***Symbols for procedures***

- \* Consultation procedure  
*majority of the votes cast*
- \*\*I Cooperation procedure (first reading)  
*majority of the votes cast*
- \*\*II Cooperation procedure (second reading)  
*majority of the votes cast, to approve the common position  
majority of Parliament's component Members, to reject or amend  
the common position*
- \*\*\* Assent procedure  
*majority of Parliament's component Members except in cases  
covered by Articles 105, 107, 161 and 300 of the EC Treaty and  
Article 7 of the EU Treaty*
- \*\*\*I Codecision procedure (first reading)  
*majority of the votes cast*
- \*\*\*II Codecision procedure (second reading)  
*majority of the votes cast, to approve the common position  
majority of Parliament's component Members, to reject or amend  
the common position*
- \*\*\*III Codecision procedure (third reading)  
*majority of the votes cast, to approve the joint text*

(The type of procedure depends on the legal basis proposed by the Commission)

### ***Amendments to a legislative text***

In amendments by Parliament, amended text is highlighted in ***bold italics***. Highlighting in *normal italics* is an indication for the relevant departments showing parts of the legislative text for which a correction is proposed, to assist preparation of the final text (for instance, obvious errors or omissions in a given language version). These suggested corrections are subject to the agreement of the departments concerned.

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## PROCEDURAL PAGE

By letter of 18 December 2000 the Council requested Parliament's assent pursuant to Article 161(1) on the proposal for a Council Regulation amending Regulation (EC) No 1260/1999 laying down general provisions on the Structural Funds (COM(2000) 774 – C5-0752/2000 – 2000/0306(AVC)).

At the sitting of 15 January 2001 the President of Parliament announced that she had referred the proposal to the Committee on Regional Policy, Transport and Tourism as the committee responsible and the Committee on Agriculture and Rural Development, the Committee on Employment and Social Affairs and the Committee on Fisheries for their opinions (C5-0752/2000).

The Committee on Regional Policy, Transport and Tourism appointed Helmuth Markov rapporteur at its meeting of 24 January 2001.

It considered the proposal for a Council Regulation and the draft recommendation at its meetings of 19 March and 25 April 2001.

At the last meeting it adopted the draft legislative resolution unanimously.

The following were present for the vote: Konstantinos Hatzidakis, chairman; Emmanouil Mastorakis and Rijk van Dam, vice-chairmen; Pedro Aparicio Sánchez (for Carmen Cerdeira Morterero), Sir Robert Atkins, Emmanouil Bakopoulos, Carlos Bautista Ojeda (for Camilo Nogueira Román pursuant to Rule 153(2)), Rolf Berend, Theodorus J.J. Bouwman, Philip Charles Bradbourn, Felipe Camisón Asensio, Gerard Collins, Danielle Darras, Francis Decourrière, Garrelt Duin, Alain Esclopé, Giovanni Claudio Fava, Jacqueline Foster, Jean-Claude Fruteau (for John Hume), Mathieu J.H. Grosch, Ewa Hedkvist Petersen, Mary Honeyball, Marie Anne Isler Béguin (for Reinhold Messner), Juan de Dios Izquierdo Collado, Georg Jarzembowski, Dieter-Lebrecht Koch, Giorgio Lisi, Sérgio Marques, Manuel Medina Ortega (for Joaquim Vairinhos pursuant to Rule 153(2)), Emilio Menéndez del Valle (for Gilles Savary), Erik Meijer, Rosa Miguélez Ramos, Francesco Musotto, Juan Ojeda Sanz, Josu Ortuondo Larrea, Wilhelm Ernst Piecyk, Giovanni Pittella (for Demetrio Volcic), Samuli Pohjamo, Alonso José Puerta, Reinhard Rack, Carlos Ripoll i Martínez Bedoya, Isidoro Sánchez García, Dana Rosemary Scallon, Brian Simpson, Renate Sommer, Per Stenmarck, Dirk Sterckx, Hannes Swoboda (for Ulrich Stockmann), Johan Van Hecke (for Ingo Schmitt), Ari Vatanen, Christian Ulrik von Boetticher (for Margie Sudre) and Mark Francis Watts.

The opinion of the Committee on Agriculture and Rural Development is attached. The Committee on Employment and Social Affairs decided on 18 January 2001, and the Committee on Fisheries on 23 January 2001, not to issue opinions.

The recommendation was tabled on 2 May 2001.

## DRAFT LEGISLATIVE RESOLUTION

**European Parliament legislative resolution on the proposal for a Council Regulation amending Regulation (EC) No 1260/1999 laying down general provisions on the Structural Funds (COM(2000) 774 – C5-0752/2000 – 2000/0306(AVC))**

### **(Assent procedure)**

*The European Parliament,*

- having regard to the proposal for a Council Regulation (COM(2000) 774<sup>1</sup>),
  - having regard to the Council's request for Parliament's assent pursuant to Article 161(1) of the EC Treaty (C5-0752/2000),
  - having regard to Rule 86(1) of its Rules of Procedure,
  - having regard to the recommendation of the Committee on Regional Policy, Transport and Tourism and the opinion of the Committee on Agriculture and Rural Development (A5-0164/2001),
1. Gives its assent to the proposal for a Council Regulation amending Regulation;
  2. Instructs its President to forward its position to the Council and Commission.

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<sup>1</sup> OJ C 96, 27.03.2001, p. 272.

## EXPLANATORY STATEMENT

On 6 May 1999 the European Parliament gave its assent, in the context of the Agenda 2000 reforms, to the Council Regulation laying down general provisions on the Structural Funds (now Regulation (EC) 1260/99)<sup>1</sup>. On 1 May 1999 the Treaty of Amsterdam entered into force, Article 299(2) of which expressly recognises the many particular disadvantages suffered by the most remote regions which severely restrain their development. Subsequently the Commission adopted, in March 2000, a strategic report on the measures for the application of this article, which while dealing satisfactorily with many topics still leaves a number of points unclear and fails to address others. Parliament expressed its detailed position on this report in its resolution of 25 October 2000.

The package for the remotest regions which the Commission is now proposing contains structural, agricultural and fiscal measures to improve the specific problems of these areas: remoteness, insularity, small size, difficult topography and climate, and economic dependence on a few products.

The package of structural measures provides for an increase in the percentage of Community co-funding in the structural funds, in the context of rural development and in fisheries. This approach is not new, since Article 13(3) of Regulation (EEC) 5052/88, as amended by Regulation (EEC) 2081/93, already provided for higher co-funding rates in specifically, justified exceptional cases for the remotest regions, and for the outlying Greek islands which are disadvantaged on the grounds of their remoteness.

Your rapporteur considers that two points in particular should be highlighted with regard to the amendment to the general regulation on the structural funds:

The current legal basis for the proposal removes the force of the 'lex specialis' of Article 299(2) concerning the remotest regions, which provides for a consultation procedure with a qualified majority in the Council, instead of an assent procedure with unanimity. Since the proposal also contains measures for regions not covered by the narrow definition of 'remotest regions', two incompatible legal bases would have been applicable in this case. This should strictly speaking have meant dividing up the amendments on the basis of Article 161 and Article 299(2) respectively.

Each plan (Community support framework, operational programme and single programming document) covers a period of 7 years beginning on 1 January 2000. In order to avoid discrimination between recipients of support under the same programme, the exemptions laid down in the proposal should apply to the whole period of the programmes and thus be applicable retrospectively to all projects submitted from 1 January 2000.

The proposed increase is, however, justified all the more since the regions in question are still among the most disadvantaged areas in the Union and because national and regional co-funding opportunities are therefore restricted. This has been confirmed yet again by the Second Report on economic and social cohesion which has recently been submitted. However, in the long term, a little progress towards convergence can be discerned from the

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<sup>1</sup> OJ C 279, 1.10.1999, p. 292.

Eurostat data, in spite of the continuance of unfavourable circumstances:

Region	per capita GDP 1986 (EU15=100)	per capita GDP 1996 (EU15=100)	Variation
Guadeloupe	37%	40%	+3%
Martinique	49%	54%	+5%
French Guiana	37%	48%	+11%
Réunion	40%	46%	+6%
Madeira	40%	54%	+14%
Azores	40%	50%	+10%
Canaries	72%	74%	+2%

The increased intervention rates will make an important contribution to this convergence, and your rapporteur therefore recommends that the Commission proposal be approved.

3 April 2001

## **OPINION OF THE COMMITTEE ON AGRICULTURE AND RURAL DEVELOPMENT**

for the Committee on Regional Policy, Transport and Tourism

on the proposal for a Council Regulation amending Regulation (EC) No 1260/1999 laying down general provisions on the Structural Funds  
(COM(2000) 774 – C5-0752/2000 – 2000/0306 (AVC))

Draftsman: Agnes Schierhuber

### **PROCEDURE**

The Committee on Agriculture and Rural Development appointed Agnes Schierhuber draftsman at its meeting of 24 January 2001.

It considered the draft opinion at its meetings of 27 February and 27 March 2001.

At the latter meeting it adopted the following conclusions unanimously.

The following were present for the vote: Friedrich-Wilhelm Graefe zu Baringdorf, chairman; Joseph Daul, vice-chairman; Agnes Schierhuber, draftsman; Gordon J. Adam, Danielle Auroi, Sergio Berlato, Niels Busk, Arlindo Cunha, Jonathan Evans (for Encarnación Redondo Jiménez), Christel Fiebiger, Carmen Fraga Estévez (for Michl Ebner), Georges Garot, Lutz Goepel, Elisabeth Jeggle, Salvador Jové Peres, Heinz Kindermann, Dimitrios Koulourianos, Wolfgang Kreissl-Dörfler (for Willi Görlach), Albert Jan Maat, Xavier Mayer, Camilo Nogueira Román (for Giorgio Celli), Mikko Pesälä, Giovanni Procacci, Dominique F.C. Souchet, Struan Stevenson, Robert William Sturdy and Manuel Medina Ortega (for Michel J.M. Dary, pursuant to Rule 153(2)).



## SHORT JUSTIFICATION

### SPECIFIC SITUATION OF THE OUTERMOST REGIONS

The European Union extends not only over the continent of Europe but also includes regions outside Europe. They include the autonomous Portuguese regions of the Azores and Madeira, the autonomous Spanish region of the Canary Islands and the four French overseas departments (DOM): Guadeloupe, Guyana, Martinique and Réunion.

Within the European Union the outermost regions have a special position which both the Commission and Parliament should respect. The complex nature of these regions is characterised by the fact that they are islands, by their sub-tropical climate and in many cases by mountains which were originally volcanoes. In addition there is the remoteness and distance from the continent of Europe and the proximity to third countries which in general have a low standard of development. With one exception, they have a high density of population, but their economic and demographic importance is relatively low compared with the EU as a whole. On average the rate of unemployment is twice as high as in the EU as a whole and very high amongst young people in particular. Because they are remote development is difficult, and because of their small size major investments are uneconomical.

### CURRENT STATE OF EUROPEAN UNION POLICIES

The EU has recognised these problems and is endeavouring to take account of them in its policies on integrating the outermost regions into the European area. However, the EU's integrative policy is intended not to prevent regional cooperation with neighbouring states but, rather, to give it extra encouragement. Particular attention will be paid to an environmentally, socially balanced, long-term strategy. Adjustments to various Community policies and the structural funds must be tailored to measures taken by the states and regions in question.

Article 299(2) of the Treaty of Amsterdam explicitly refers to the outermost regions and creates the basis for specific measures.

The European Council of Cologne called on the Commission to submit a report<sup>1</sup> on measures to implement Article 299(2) of the Treaty of Amsterdam with regard to the outermost regions of the EU. The Commission did so, and the European Council of Feira subsequently called on it to submit specific proposals. The Commission proposes an amendment of Regulation (EC) No 1260/1999 on general provisions on the Structural Funds. This proposal is part of a package of five proposals for regulations on special measures in favour of agricultural produce from these regions. Article 299(2) of the EC Treaty provides an exhaustive list of the regions: Azores, Madeira, Canary Islands, Guadeloupe, Guyana, Martinique and Réunion. Special rules and exemptions from current EU legislation are defined for these regions.

All these outermost regions are covered by support for Objective 1 regions for the period 2000-2006.

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<sup>1</sup> COM(2000) 147 fin.

## THE COMMISSION'S PROPOSALS

The Commission's proposals relate not only to the Structural Funds, but to a package of regulations:

1. The Commission's proposals for Regulation (EC) No 1260/99 concerning cofinancing measures, or maximum contributions:
  - a) the maximum contribution for total eligible cost will be increased from 75% to 85%; but
  - b) maximum assistance from the Funds will be raised from 35% to 50% of the total eligible cost in the case of investments in small and medium-sized firms.
2. The proposals for amending the European Agricultural Guidance and Guarantee Fund (EAGGF) will be integrated in the regulations on specific measures in respect of certain agricultural products for the benefit of the French overseas departments ((EEC) 3763/91), the Azores and Madeira ((EEC) 1600/92) and the Canary Islands ((EEC) 1601/92): the POSEI regulations.

The amendments to the EAGGF involve raising the maximum level of public assistance for investments in agricultural holdings from 50% to 75%. Public assistance for the processing and marketing of agricultural products will be raised from 50% to 65% and Community financial support for privately owned woodlands and areas will be extended to publicly owned woodlands and areas.

3. Amendments to Community financial participation in the fisheries sector.

This opinion considers only point 1) on the general provisions of the Structural Funds.

## ASSESSMENT OF THE COMMISSION PROPOSALS

Taking into account the following points, the Commission proposal should be approved:

1. For the period 2000 - 2006 all the outermost regions mentioned above will be covered by support for Objective 1 regions.
2. Having regard to the economic and social difficulties referred to above which are caused by the geographical and demographical circumstances of these regions, and having regard to the proposed option of special measures based on Article 299(2) of the EC Treaty, this increase in Structural Fund aid should be approved. Agriculture and small and medium-sized businesses are scarcely able to make any contribution to regional development. An increase in the maximum contribution is welcomed since it can make a positive contribution to regional development. The increase in the maximum contribution under the Funds from 75% to 85% of total eligible cost, and the increase in the maximum assistance from the Funds from 35% to 50% of the total eligible cost for investments in small and medium-sized firms represent a violation of the principle of cofinancing for Objective 1 regions. However, this exception to the general principles is justified on the grounds mentioned above.
3. European Union policies are increasingly taking account of regions in an exposed and very complex situation. The continent of Europe itself consists of regions faced with very

divergent problems, and this is all the more true of those regions of the EU which are not situated on the continent. The very difficult and multi-faceted situation of each of the outermost regions calls for special treatment from those regions in a favourable location.

4. The Commission's approach, which does justice to the problems of the peripheral regions, should be supported. The higher cofinancing share will be covered by the appropriations allocated in the context of Objective 1 programmes. To this extent the proposed increases in the ceiling are neutral with respect to the budget.

5. As far as the question of distortion of competition is concerned, this is a phenomenon of very limited importance and impact. To offset this there is the political and historical importance of the ties between some of the Member States and the regions in question. This is something which also has to be taken into account.

## **CONCLUSIONS**

The Committee on Agriculture and Rural Development calls on the Committee on Regional Policy, Transport and Tourism, as the committee responsible, to approve the Commission proposal.