

EUROPEAN PARLIAMENT

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Committee on International Trade

2004/0247(CNS)

20.4.2005

OPINION

of the Committee on International Trade

for the Committee on Agriculture and Rural Development

on the proposal for a Council regulation laying down specific measures for
agriculture in the outermost regions of the Union
(COM(2004)0687 – C6-0201/2004 – 2004/0247(CNS))

Draftsman: Francisco Assis

PA_Leg

SHORT JUSTIFICATION

I. INTRODUCTION

To meet the needs of the regions referred to in Article 299(2) of the EC Treaty, the European Union has adopted programmes of options specific to the remote and insular nature of the French Overseas Departments (POSEIDON, in 1989)¹, the Canary Islands (POSEICAN, in 1991)² and the Azores and Madeira (POSEIMA, in 1991)³. The aim of these programmes was to promote sustainable development and strengthen production sectors which create employment through assistance from the Structural Funds and by adjusting common policies, in particular the common agricultural policy.

In addition to these decisions, a Council Regulation⁴ was adopted for each region to enable their agricultural production to be fully covered by the CAP via mechanisms provided for under the different common market organisations; in addition to general assistance, provision was made for special assistance for some local products as well as compensation for additional transport costs. Finally, 'specific supply arrangements' were introduced to improve arrangements for the supply of raw materials for foodstuffs and reduce their cost.

On 28 June 2001, a reform of these aid arrangements was adopted⁵, retaining the approach of using an individual regulation for the outermost territories of each Member State concerned.

II. COMMISSION PROPOSAL

According to the Commission's assessment, these measures have proved effective in promoting agriculture in and securing supplies to the regions concerned, but their management has been made difficult by inflexible rules. At the same time, the arrangements for supporting local lines of production are fragmented and the adjustment procedure is too cumbersome to provide a rapid response to specific individual situations.

III. REMARKS

Although the proposal for a regulation mainly concerns production and trade within the common market, which are the responsibilities of other parliamentary committees, the Committee on International Trade needs to examine the consequences for trade with third countries, taking into account likely developments such as the conclusion of economic partnership agreements with the ACP countries and the Doha development programme. At the same time, we must be careful to ensure that the common market reform proposals (such as sugar), which are influenced by WTO case law, do not handicap farmers in the outermost

¹ Council Decision of 22.12.1989, OJ L 399, 30.12.1989, p. 39.

² Council Decision of 26.6.1991, OJ L 171, 29.6.1991, p. 5.

³ Council Decision of 26.6.1991, OJ L 171, 29.6.1991, p. 10.

⁴ For the French Overseas Territories, Regulation 3763/91, OJ L 356, 24.12.1991, p. 1. For the Azores and Madeira, Regulation 1600/92, OJ L 173, 27.6.1992, p. 1. For the Canary Islands, Regulation 1601/92, OJ L 173, 27.6.1992, p. 13.

⁵ For the French Overseas Territories, Regulation 1452/01, OJ L 198, 21.7.2001, p. 11. For the Azores and Madeira, Regulation 1453/01, OJ L 98, 21.7.2001, p. 26. For the Canary Islands, Regulation 1454/01, OJ L 198, 21.7.2001, p. 7.

regions, who already face the difficult task of overcoming the problems caused by their remoteness, insularity and distant location.

The amendments tabled include a number of key subjects:

- While the idea of bringing together the instruments in a single proposal for a regulation covering all outermost regions is a welcome simplification, account must nevertheless be taken of historical differences between the islands, particularly as regards their date of entry into the customs territory of the Union (Amendments 3 and 5);
- The need to strengthen SMEs in the agri-foodstuffs sector to ensure that the islands do not simply become producers of agricultural products but retain the possibility of keeping a larger share of added value by means of local processing (Amendment 2);
- The right of these regions to refunds when they export products manufactured from raw materials imported under the specific supply arrangements, provided such products have been sufficiently processed in the regions concerned. The aid for raw materials under the specific supply arrangements must make it possible to offset the higher production costs faced by island industries. However, if these industries are confined to supplying the island markets, their prospects for growth will be restricted since they are handicapped compared to continental industries, which receive export refunds (Amendment 6);
- The importance of a rapid assessment of the effects on agriculture in the outermost regions following the end of the negotiations on economic partnership agreements and the Doha development programme (Amendments 4 and 7).

AMENDMENTS

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

Text proposed by the Commission¹

Amendments by Parliament

Amendment 1 Recital 1

(1) The particular geographical situation of the outermost regions imposes additional transport costs in supplying products which are essential for human consumption, for processing or as agricultural inputs. In

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¹ Not yet published in OJ.

addition, objective factors arising as a result of insularity and remoteness impose further constraints on economic operators and producers in the outermost regions that severely handicap their activities. These handicaps can be alleviated by lowering the price of these essential products. It is therefore appropriate to introduce specific supply arrangements to guarantee supply to the outermost regions and compensate for the additional costs arising from their remoteness, insularity and distant location.

addition, objective factors arising as a result of insularity and remoteness impose further constraints on economic operators and producers in the outermost regions that severely handicap their activities. ***In some cases, operators and producers suffer dual insularity because of the fact that the islands in the region are very far apart.*** These handicaps can be alleviated by lowering the price of these essential products. It is therefore appropriate to introduce specific supply arrangements to guarantee supply to the outermost regions and compensate for the additional costs arising from their remoteness, insularity and distant location.

Justification

Support arrangements need to be adapted to the specific circumstances of different islands and different rural communities in the interests of balanced application. The smaller and the more remote the islands are, the higher the cost of agricultural inputs and the lower the prices obtained by farmers for their products. This dual insularity must be taken into account.

Amendment 2 Recital 2 a (new)

(2a) The Commission should apply an effective policy to promote SMEs in the agri-foodstuffs sector in the European Union's outermost regions to enable them to maintain their traditional exports and increase trade with neighbouring third countries.

Justification

Firms in the outermost regions, particularly SMEs, have to cope with serious handicaps linked to their insularity and remote location. The Commission must seek to make it easier for them to be part of regional economies, by pursuing a policy for SMEs geared to island interests.

Amendment 3
Recital 4

(4) Since the quantities covered by the specific supply arrangements are limited to the supply requirements of the outermost regions, those arrangements do not impair the proper functioning of the internal market. Nor should the economic advantages of the specific supply arrangements provoke diversions of trade in the products concerned. Dispatching or exportation of those products from the outermost regions should therefore be prohibited. However, dispatch or exportation of those products should be authorised where the advantage resulting from the specific supply arrangements is reimbursed or, in the case of processed products, to permit regional trade or trade between the two Portuguese outermost regions. Account should also be taken of traditional trade flows with third countries in all the outermost regions, and exports of processed products corresponding to traditional exports for all those regions should accordingly be authorised. Nor should the restriction apply to the traditional dispatching of processed products. For the sake of clarity, the reference *period* for defining those traditionally exported or dispatched quantities ***should be specified***.

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Justification

A single reference period is not appropriate given that some regions received exemptions before becoming part of the customs territory whereas others became part of the territory on the date of accession of their country.

Amendment 4
Recital 7 a (new)

(7a) Consistency is required between the measures to support the outermost regions and the Union's trade policy, particularly

as regards the negotiations under way on the Doha development programme and on economic partnership agreements.

Justification

Measures to assist the outermost regions must take into account the Union's other policies, particularly trade negotiations, which could have significant implications for agricultural markets.

Amendment 5
Article 4, paragraph 2, point (a)

(a) exported to third countries or dispatched to the rest of the Community within the limits of traditional exports and traditional dispatches. Those quantities and the third countries of destination shall be specified by the Commission in accordance with the procedure laid down in Article 26(2), ***on the basis of the average of exports or dispatches during the years 1989, 1990 and 1991;***

(a) exported to third countries or dispatched to the rest of the Community within the limits of traditional exports and traditional dispatches. Those quantities and the third countries of destination shall be specified by the Commission in accordance with the procedure laid down in Article 26(2);

Justification

The Commission proposal uses the definition of 'traditional dispatches' and 'traditional exports' employed in Regulation 1454/2001, overlooking the fact that this definition needs to take into account the date on which the region became part of the Community's customs territory.

Amendment 6
Article 4, paragraph 2, second subparagraph

No export refund shall be granted for the products thus exported.

No export refund shall be granted for the products thus exported, ***except in the case of traditional exports of products manufactured in the region from raw materials imported under the specific supply arrangements and which have been sufficiently processed in the region concerned.***

Justification

The aim is to place local industries on an equal footing with continental industries. In island regions, the import and processing of raw materials are more expensive and the aid received helps to offset these additional costs. These industries would not be able to enjoy export refunds, placing them at a disadvantage by comparison with continental industries which do receive refunds.

Amendment 7

Article 28, paragraph 3

3. Not later than 31 December **2009**, and thereafter every five years, the Commission shall submit a general report to Parliament and the Council showing the impact of the action taken under this Regulation, accompanied if applicable by appropriate proposals.

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Justification

An initial analysis will be needed immediately after the entry into force of the economic partnership agreements (scheduled for 1 January 2008 at the latest) and following the negotiations on the Doha development programme.

PROCEDURE

Title	Proposal for a Council regulation laying down specific measures for agriculture in the outermost regions of the Union
References	COM(2004)0687 – C6-0201/2004 – 2004/0247(CNS)
Committee responsible	AGRI
Committee asked for its opinion Date announced in plenary	INTA 1.12.2004
Enhanced cooperation	No
Draftsman Date appointed	Francisco Assis 18.11.2004
Discussed in committee	15.3.2005
Date amendments adopted	18.4.2005
Result of final vote	for: 21 against: 0 abstentions: 0
Members present for the final vote	Francisco Assis, Jean-Louis Bourlanges, Daniel Caspary, Giulietto Chiesa, Enrique Barón Crespo, Sajjad Karim, Caroline Lucas, Erika Mann, David Martin, Javier Moreno Sánchez, Georgios Papastamkos, Godelieve Quisthoudt-Rowohl, Tokia Saïfi, Peter Štastný, Robert Sturdy
Substitutes present for the final vote	Danutė Budreikaitė, Elisa Ferreira, Antolín Sánchez Presedo
Substitutes under Rule 178(2) present for the final vote	Paulo Casaca, Den Dover, Manolis Mavrommatis