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Committee on International Trade

2010/0256(COD)

29.6.2011

OPINION

of the Committee on International Trade

for the Committee on Agriculture and Rural Development

on the proposal for a regulation of the European Parliament and of the Council laying down specific measures for agriculture in the outermost regions of the Union
(COM(2010)0498 – C7–0284/2010 – 2010/0256(COD))

Rapporteur: Marielle De Sarnez

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SHORT JUSTIFICATION

The purpose of the proposal for a regulation of the European Parliament and of the Council laying down specific measures for agriculture in the outermost regions of the Union published on 24 September 2010 is to recast Regulation (EC) No 247/2006, which governs the Programmes of options specifically relating to the remoteness and insularity (POSEI), to take account of the entry into force of the Lisbon Treaty. The regulation would allow free trade in processed products covered by specific supply arrangements (SSA) between the outermost regions and raises the annual maximum ceilings for the specific supply arrangements for France and Portugal.

- **Background**

Since 1990, specific measures have been taken for the benefit of agriculture in the nine outermost regions of the Union (*Guadeloupe, French Guiana, Martinique, Réunion, Saint-Barthélemy, Saint-Martin, the Azores, Madeira and the Canary Islands*) to take account of their special characteristics: remoteness, insularity, small size, difficult terrain, climate and economic dependence on a small number of products. The system was modified in 2001 and in 2006 to take account of the Common Agriculture Policy (CAP) reform in 2003 and the strategy for the outermost regions drawn up by the Commission in 2004.

- **Positive results achieved by POSEI**

POSEI programmes made it possible to diversify the regions' crop production, restore the banana sector after cyclone Dean and improve the situation of various sectors.

The specific supply arrangements made it possible to maintain local production structures and create additional jobs.

Agricultural production support measures made it possible to limit the decline of agricultural activities, particularly in the banana and sugar sectors.

- **Is the POSEI system enough to protect the outermost regions?**

The Geneva agreement and the agreements concluded with the Andean countries and Central America threaten the stability of the outermost regions.

These agreements were **negotiated with countries whose production costs are much lower than those of the outermost regions, mainly because their plant health standards fall short of those required under European law**. There is a danger that there will be a massive influx of agricultural products from those countries to the European market, which up to now has been the main outlet for agricultural products from the EU's overseas territories, thus placing the banana, sugar and rum sectors at risk.

- **Your rapporteur's proposals**

First proposal: to add Article 349 of the TFEU. The proposal for a regulation refers only to Articles 42 and 43 of the TFEU, which relate to the CAP. Article 349 of the TFEU, however, provides for the adoption of 'specific measures' for the outermost regions in particular areas, including agriculture policy, in view of their special characteristics.

Second proposal: to involve local authorities to a greater extent to ensure the programme is geared more closely to the real needs of the outermost regions - Article 6(2), Article 31 and Article 10. The programme should take greater account of the expectations voiced by local stakeholders, to which end extra time should be allowed to enable such stakeholders to be more closely involved and to hold more, and more detailed, exchanges of views on the effectiveness of the programmes.

Third proposal: to encourage regional trade by making it possible to grant aid for transport costs in addition to the specific supply arrangements - Article 9.

Processed products incorporating raw materials which have benefited from specific supply arrangements can be dispatched between French overseas departments. However, in order to encourage regional trade and allow new sectors to be developed within the outermost regions, provisions should be introduced to offset the transport costs of such products. This would open up significant possibilities for regional development.

Fourth proposal: to clarify the wording of Article 18 by suggesting new provisions concerning the obligatory content of POSEI programmes, which are divided into measures (which may be further subdivided into actions). The funding allocations will be detailed in a financial model.

Fifth proposal: to include the banana sector in the programmes for action to combat plant pests - Article 23(1).

Sixth proposal: to increase the proposed ceiling for the specific supply arrangements under the French POSEI for imports of raw materials for animal feed - Article 29. This increase would take account of the growth forecast in the livestock sector in French overseas territories and the current development of livestock production sectors while monitoring developments in relation to additional costs and supply sources.

Seventh proposal: to ask the Commission to systematically assess the effects on the outermost regions of trade agreements (Articles 29 and 31) by reference to preliminary impact studies and, if necessary, propose appropriate compensation for the outermost regions, particularly in the banana sector.

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:

Amendment 1

Proposal for a regulation Citation 1

Text proposed by the Commission

Having regard to the Treaty on the Functioning of the European Union, and in particular the first subparagraph of Article 42 **and** Article 43(2) thereof,

Amendment

Having regard to the Treaty on the Functioning of the European Union, and in particular the first subparagraph of Article 42, Article 43(2) **and Article 349** thereof,

Justification

At present POSEI has a twofold legal base: the two TFEU articles on the CAP (former Articles 36 and 37) and the article specifically relating to the outermost regions (former Article 299(2)). In the proposed recast of the Regulation, however, the legal base is restricted to the new CAP articles (42(1) and 43(2)), and there is no reference to the new article (349) specifically relating to the outermost regions. A reference to the CAP articles alone is not an adequate basis for the adoption of specific measures for the outermost regions.

Amendment 2

Proposal for a regulation Recital 4 a (new)

Text proposed by the Commission

Amendment

(4a) To avoid undermining the POSEI objectives, the Commission shall carry out prior impact studies of the possible effects (based on the criteria set by the UN) whenever international trade agreements are negotiated which may affect sectors supported by the POSEI. On completion, said prior impact studies shall be forwarded by the Commission to Parliament, the Council and the local or regional authorities of the outermost

regions before conclusion of the international agreements concerned.

Amendment 3

Proposal for a regulation Recital 8 a (new)

Text proposed by the Commission

Amendment

(8a) Support for traditional sectors is all the more necessary because it enables them to maintain the quality of their products and to remain competitive on the EU market in the face of competition from third countries, and because new trade agreements posing a threat to these sectors have just been signed with Latin American countries and within the WTO. The Commission and the Member States should, however, ensure that support provided to so-called traditional sectors does not threaten the development of other diversified animal and vegetable sectors.

Amendment 4

Proposal for a regulation Recital 36 a (new)

Text proposed by the Commission

Amendment

(36a) To ensure that the specific aid granted by this Regulation to the outermost regions remains unaffected, the Commission should improve coordination between the Union's common policies and the other sector-specific policies. Such policy coordination could take the form of impact assessments, for example.

Justification

The sector-specific (regional, development and research) policies should be consistent with POSEI measures, trade policy and agriculture and fisheries policy. So, if trade agreements are likely to have negative consequences for the outermost regions, they should be the subject of specific impact assessments.

Amendment 5

Proposal for a regulation Recital 36 b (new)

Text proposed by the Commission

Amendment

(36b) As the last POSEI support Regulation, namely Regulation (EC) No 247/2006, was adopted in the light of the agreed WTO European market access tariff of EUR 176 per tonne, consequently the tariff laid down in the WTO agreements on trade in bananas and the further reductions granted in trade agreements with the Andean countries and the countries of Central America were not taken into account in the POSEI financial envelope; therefore a new updated, comprehensive and external impact assessment should be completed at an early stage and, if it shows adverse effects on EU banana producers, the financial resources available under the POSEI programme should be modified in order to introduce appropriate compensation and measures to increase the competitiveness of banana producers in the outermost regions of the Union.

Amendment 6

Proposal for a regulation Article 4 – paragraph 2

Text proposed by the Commission

Amendment

2. Consistency of the measures taken under

2. Consistency of the measures taken under

POSEI programmes with measures implemented under other instruments of the common agricultural policy, and in particular the common organisations of markets, rural development, product quality, animal welfare *and* protection of the environment, must be ensured.

POSEI programmes with measures implemented under other instruments of the common agricultural policy, and in particular the common organisations of markets, rural development, product quality, animal welfare, *the* protection of the environment *and trade policy* must be ensured.

Amendment 7

Proposal for a regulation Article 6 – paragraph 2

Text proposed by the Commission

2. Depending on the annual evaluation of the implementation of measures included in the POSEI programmes, the Member States may submit to the Commission proposals for amendments thereto within the context of the financial allocation referred to in Article 29(2) and (3), to bring them more into line with the requirements of the outermost regions and the strategy proposed. The Commission shall adopt by means of an implementing act the uniform measures for the submission of proposals for amendments to the programme.

Amendment

2. Depending on the annual evaluation of the implementation of measures included in the POSEI programmes, the Member States may submit to the Commission, *by 30 September of each year at the latest*, proposals for amendments thereto *for the following year* within the context of the financial allocation referred to in Article 29(2) and (3), to bring them more into line with the requirements of the outermost regions and the strategy proposed. The Commission shall adopt by means of an implementing act the uniform measures for the submission of proposals for amendments to the programme.

Justification

The aim is to postpone the deadline for submitting requests for amendments to the programme from 30 June to 30 September, as the implementation of annual programmes stops on 30 June of the following year. This would enable local operators such as chambers of agriculture and regional and departmental councils to be involved and allow lessons to be learnt from the previous year.

Amendment 8

Proposal for a regulation Article 9 – paragraph 3 a (new)

Text proposed by the Commission

Amendment

3a. Paragraph 3 shall not apply in the case of products processed in French overseas departments from raw materials which have benefited from specific supply arrangements being dispatched between French overseas departments.

Justification

Given the cost of transport between French overseas departments, provision should be made for the possibility of granting aid in addition to the specific supply agreements for cattle feed produced in the French Antilles and shipped to Guyana. Until such time as an efficient processing system is set up, such aid would enable Guyana to obtain products at prices comparable to those applied in Guadeloupe or Martinique. A similar form of aid might be considered in future for products produced in Réunion and dispatched to Mayotte.

Amendment 9

Proposal for a regulation Article 10 – point d

Text proposed by the Commission

Amendment

d) ***where applicable***, the need ***not to obstruct*** the ***potential*** development of local products.

(d) the need ***to encourage*** the potential development of local products.

Justification

If the intention is to reduce the food dependency of the outermost regions, local production must be encouraged. Measures to Support Local Production and SSAs are linked even though they pursue different objectives. Promoting the development of local production does not impair the internal cohesion between these two pillars of POSEI.

Amendment 10

Proposal for a regulation

Article 13 – paragraph 2 – subparagraph 1 – point a

Text proposed by the Commission

a) exported to third countries or dispatched to the rest of the Union within the limits of traditional exports and traditional dispatches. These amounts are established by the Commission by means of an implementing act on the basis of dispatches or export average figures **during** 1989, **1990 and 1991**;

Amendment

a) exported to third countries or dispatched to the rest of the Union within the **established** limits of traditional exports and traditional dispatches. These amounts are established by the Commission by means of an implementing act on the basis of dispatches or export average figures, **taking as a reference the verified average figures for the three best years since** 1989;

Amendment 11

Proposal for a regulation

Article 13 – paragraph 3

Text proposed by the Commission

3. For the purposes of this chapter, ‘regional trade’ shall be understood as trade, for each French overseas department, with the Azores and Madeira and the Canary Islands, with third countries **established by the Commission by means of an implementing act.**

Amendment

3. For the purposes of this chapter, ‘regional trade’ shall be understood as trade, for each French overseas department, with the Azores and Madeira and the Canary Islands, with third countries **belonging to the same geographical and ocean areas as those regions and with third countries with which they have historical links.**

Amendment 12

Proposal for a regulation

Article 18 – paragraph 2 – point e

Text proposed by the Commission

e) conditions for the granting of aid, the products and volumes concerned;

Amendment

deleted

Justification

The wording of this article needs to be clarified.

The POSEI programmes are divided into measures for which the funding allocations are detailed in a financial model. Each of these measures may be divided up into several actions.

Paragraph 2 refers to the measures. Hence it is proposed that point (e), referring to the details of each action, be deleted. Furthermore this point is superfluous as it duplicates paragraph 4 which concerns the actions.

Amendment 13

Proposal for a regulation

Article 18 – paragraph 2 – point f

Text proposed by the Commission

Amendment

f) the aid amount established for each measure *or action* in order to achieve one or more objectives for the programme.

(f) the aid amount established for each measure in order to achieve one or more objectives for the programme.

Justification

Paragraph 2 refers to the measures. It is therefore proposed that the reference to actions under this point be deleted.

Amendment 14

Proposal for a regulation

Article 18 – paragraph 4 – point c

Text proposed by the Commission

Amendment

c) *individual aid*;

c) *the unit amount of aid*;

Justification

In the interest of clarity, it is proposed that the term ‘individual aid’ in point (c) be replaced with the phrase ‘the unit amount of aid’.

Amendment 15

Proposal for a regulation Article 18 – paragraph 4 – point d

Text proposed by the Commission

Amendment

d) ceiling.

deleted

Justification

At present, the financial ceilings are set for each measure and not for each action. It is therefore proposed to delete point (d) which requires the setting of a ceiling for each action. This is unnecessary given that the unit amount of the aid and the conditions of eligibility have already been set.

Amendment 16

Proposal for a regulation Article 21 – paragraph 1

Text proposed by the Commission

Amendment

1. Notwithstanding Article 39(4) of Regulation (EC) No 1698/2005, the maximum annual amounts eligible for European Union aid, as set out in Annex I to that Regulation, may be increased up to twofold in the case of the measure to protect lakes in the Azores and the measure to preserve the landscape and traditional features of agricultural land and the conservation of stone walls supporting terraces in Madeira.

1. Notwithstanding Article 39(4) of Regulation (EC) No 1698/2005, the maximum annual amounts eligible for European Union aid, as set out in Annex I to that Regulation, may be increased up to twofold in the case of the measure to protect lakes in the Azores and the measure to preserve the landscape, **biodiversity** and traditional features of agricultural land and the conservation of stone walls supporting terraces in Madeira.

Justification

The overseas territories represent 80% of the EU's biodiversity. It is therefore necessary to include actions to preserve biodiversity in the measure for the preservation of landscape.

Amendment 17

Proposal for a regulation
Article 22 – paragraph 4 a (new)

Text proposed by the Commission

Amendment

4a. To increase the market competitiveness of agricultural products from the outermost regions and improve the ability of agricultural holdings to withstand natural disasters and hazards, steps shall be taken to encourage each subsector as a whole to take out disaster risk insurance. With a view to this, cooperatives, farmers' associations and all other agricultural bodies shall be exempted from the ban on receiving state aid to promote access to agricultural insurance cover.

Amendment 18

Proposal for a regulation
Article 23 – paragraph 1

Text proposed by the Commission

Amendment

1. France and Portugal shall submit programmes to the Commission for the control of organisms harmful to plants or plant products in the French overseas departments and the Azores and Madeira respectively. The programmes shall specify in particular the objectives to be achieved, the measures to be carried out, their duration and their cost. ***The programmes submitted pursuant to this Article shall not concern the protection of bananas.***

1. France and Portugal shall submit programmes to the Commission for the control of organisms harmful to plants or plant products in the French overseas departments and the Azores and Madeira respectively. The programmes shall specify in particular the objectives to be achieved, the measures to be carried out, their duration and their cost.

Justification

It is proposed to make bananas eligible for these programmes, since banana planters, including those of Guadeloupe and Martinique, are having to contend with black leaf streak disease, a severe disease of the banana plant, and at least another five years of research are needed before disease-resistant banana varieties with good eating qualities can be developed.

Amendment 19

Proposal for a regulation Article 27 – subparagraph 1

Text proposed by the Commission

Spain is authorised to award aid concerning the production of tobacco in the Canary Islands.

The granting of this aid may not result in discrimination between producers in the islands.

Amendment

Spain is authorised to award aid concerning the production of tobacco in the Canary Islands ***owing to the specific features of this crop and the lack of potential for diversifying local agricultural production.*** The granting of this aid may not result in discrimination between producers in the islands.

Amendment 20

Proposal for a regulation Article 29, paragraph 3, first indent

Text proposed by the Commission

– in the Overseas Departments of France:
EUR 24.8 million

Amendment

– in the Overseas Departments of France:
EUR 26.9 million

Justification

Keeping too low a ceiling on SSA would make it impossible to monitor the development of additional costs and sources of supply. It is necessary to raise the proposed ceiling in order to take account of predicted growth of the stock rearing sector in the French Overseas Departments and to enable the current development of the various livestock sectors to continue.

Amendment 21

Proposal for a regulation Article 29 – paragraph 4 a (new)

Text proposed by the Commission

Amendment

4a. In view of the adverse effects on European banana producers of a gradual lowering of customs duties on bananas

under the multilateral Geneva agreement and the free trade agreements with the Andean countries, Central America and other regions, appropriate compensation shall be paid to banana producers in the outermost regions of Europe. This compensation shall be of the order of EUR 30 million per year for all the European banana producing countries.

Amendment 22

Proposal for a regulation Article 31 – paragraph 2

Text proposed by the Commission

2. Member States shall submit to the Commission, not later than **31 July** each year, a report on the implementation of the measures provided for in this Regulation over the previous year.

Amendment

2. Member States shall submit to the Commission, not later than **30 September** each year, a report on the implementation of the measures provided for in this Regulation over the previous year.

Justification

This would enable information from local operators such as chambers of agriculture and regional and departmental councils to be inserted in the report and lessons learnt from the previous year.

Amendment 23

Proposal for a regulation Article 31 – paragraph 2 a (new)

Text proposed by the Commission

Amendment

2 a. Whenever significant changes to the common agricultural policy are envisaged, or whenever the Union opens trade negotiations with third countries, regional organisations in third countries or international organisations which may

affect agricultural sectors supported under POSEI, the Commission shall carry out specific prior impact assessments of the possible consequences for agriculture in the outermost regions; such assessments shall be repeated on a regular basis. These assessments shall be forwarded to the European Parliament, accompanied where necessary by proposals for appropriate compensation.

Justification

The sector-specific policies (regional, development and research policies) should be coordinated with the POSEI measures, trade policy and the agriculture or fisheries policies. Accordingly, where trade agreements are likely to have adverse effects on the outermost regions they must be subjected to specific impact assessments.

PROCEDURE

Title	Specific measures for agriculture in the outermost regions of the Union
References	COM(2010)0498 – C7-0284/2010 – 2010/0256(COD)
Committee responsible Date announced in plenary	AGRI 7.10.2010
Committee(s) asked for opinion(s) Date announced in plenary	INTA 7.10.2010
Rapporteur(s) Date appointed	Marielle De Sarnez 26.10.2010
Discussed in committee	24.5.2011
Date adopted	21.6.2011
Result of final vote	+: 23 -: 1 0: 0
Members present for the final vote	Laima Liucija Andrikiienė, Kader Arif, David Campbell Bannerman, Daniel Caspary, Marielle De Sarnez, Christofer Fjellner, Yannick Jadot, Bernd Lange, David Martin, Emilio Menéndez del Valle, Vital Moreira, Paul Murphy, Cristiana Muscardini, Godelieve Quisthoudt-Rowohl, Niccolò Rinaldi, Tokia Saïfi, Helmut Scholz, Peter Štastný, Keith Taylor, Iuliu Winkler, Pablo Zalba Bidegain, Paweł Zalewski
Substitute(s) present for the final vote	Josefa Andrés Barea, Catherine Bearder, George Sabin Cutaș, Maria Eleni Koppa, Elisabeth Köstinger, Jörg Leichtfried