

EUROPEAN PARLIAMENT

2004



2009

Committee on Regional Development

2004/0247(CNS)

1.6.2005

OPINION

of the Committee on Regional Development

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: Emanuel Jardim Fernandes

PA_Leg

SHORT JUSTIFICATION

In its resolution on the Commission's report on measures intended to implement Article 299(2) of the EC Treaty for the EU's outermost regions, as adopted in the Amsterdam Treaty, the European Parliament considered it appropriate to set out a comprehensive and cohesive strategy for the sustainable development of these regions.

In that resolution, and in its May 2001 report on specific measures for certain agricultural products, Parliament called for the implementation of specific supply arrangements to be improved. The principal aim of that revision should be to make the arrangements concerned more flexible.

The draftsman therefore welcomes the fact that the Commission has taken account of Parliament's concerns by proposing to improve the management of those arrangements.

- The draftsman supports the Commission's intention, which underlies the proposal for a regulation, of allowing the measures to be rapidly adjusted in order to take account, over the long term, of these regions' specific characteristics.
- The draftsman also supports greater participation in decision-making.

Nevertheless, the draftsman would like to suggest a number of amendments that could be of benefit to the regional development of the outermost regions.

The aim of the specific supply arrangements, support programmes and measures for local agricultural production is to eliminate economic disparities and asymmetries caused by the outermost regions' accession to the European Union. However, the restrictions imposed on exports to third countries and on dispatch to the rest of the Community of products covered by specific supply arrangements are stifling the agri-food industry and hampering the development of the outermost regions. Consequently, there is a need to ensure the viability of agriculture and agri-food undertakings in the outermost regions, which can only be achieved by removing all export restrictions for agricultural produce from these regions.

The regulation aims to make the specific supply arrangements more flexible. From this point of view, the draftsman believes that agricultural products covered by various specific supply arrangements should not be included in the annex to the regulation. Instead, the principle of subsidiarity requires that the list of different agricultural products should be drawn up according to the specific supply arrangements of each outermost region.

Rural development in the outermost regions depends largely on aid for investment intended for diversification, restructuring or a shift towards sustainable agriculture, or for enterprises engaged in processing and marketing agricultural products consisting mainly of local produce. Derogation from Regulation No 1257/1999 should be permitted in order to allow aid for these types of investment to be stepped up. In this context, it should be noted that small and medium-sized enterprises create the largest number of jobs in proportion to their turnover. From a social point of view, it is therefore cost-effective to provide more support to SMEs

because the ratio of state aid to job creation is the most important criterion.

Certain agricultural sectors which are essential for the regional development of outermost regions have to tackle specific problems requiring more appropriate measures.

In the Azores the main problem is the viability of sugar production, which is the key factor for balanced and endogenous regional development there. The export quantity permitted under the current Commission proposal corresponding to traditional dispatches, based on an average of the dispatches or exports in 1989, 1990 and 1991, is not sufficient for sugar production in the Azores to be economically viable, nor does it reflect the situation at the moment when the region entered the European Community.

Wine-growing is an important component of agriculture in certain outermost regions. In this sense, wine-growing supports regional development. Given the difficulties of wine-growing in the Azores, more flexibility is also desirable on the question of gradually eliminating vineyards planted with prohibited direct-producer hybrid vine varieties.

Moreover, the draftsman considers that the Azores and Madeira should directly notify the Commission of the progress made in converting and restructuring areas planted with prohibited direct-producer hybrid vine varieties and provide this information to the central government. This would avoid any possibility of the Azores and Madeira being penalised for a failure by the Portuguese central government to provide the Commission with the information.

AMENDMENTS

The Committee on Regional Development 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 Preamble

Having regard to the Treaty establishing the European Community, and in particular **Articles 36, 37 and 299(2)** thereof,

Having regard to the Treaty establishing the European Community, and in particular **Article 299(2)** thereof,

Justification

Article 299(2) alone is an appropriate and sufficient legal base for this Regulation on specific measures for agriculture in the outermost regions of the European Union.

Amendment 2 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 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

(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 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, economic operators and producers face a double insularity arising from the distance between islands in the same region.*** These handicaps can be alleviated by lowering the price of these essential

¹ OJ C of ..., p. .

the additional costs arising from their remoteness, insularity and distant location.

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

Aid must be adapted to the specific situation of the various islands and rural communities in order to ensure its balanced implementation. The smaller and more remote the islands are, the higher the cost of agricultural inputs will be and the lower the prices obtained by farmers for their products. This double insularity must be taken into account.

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.***

(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. However, dispatch ***to the rest of the Community or export to third countries of processed products or products which have undergone sufficient working or processing, with a view to promoting regional or traditional trade, particularly trade between different outermost regions,*** should be authorised.

Justification

In addition to the reference to 'processed products', covering products resulting from the operations provided for in the procedure for processing under customs control as established by the Community Customs Code, cited in Commission Regulation (EC) No 20/2002 of 28 December 2001 in connection with the possibility of (re)export to third countries or (re)consignment to the rest of the Community, account should also be taken of products resulting from inward processing. The 2001 implementing regulation for the Posei-Agriculture schemes also contains a reference to these arrangements, for the same purposes.

Amendment 4 Recital 18

(18) Traditional livestock farming activities should be supported. In order to meet the local consumption needs of the French overseas departments and Madeira, duty-free imports from third countries of male bovine animals intended for fattening should be authorised subject to certain conditions and up to a maximum annual limit. The possibility opened under Regulation (EC) No 1782/2003 to enable Portugal to transfer rights to the suckler cow premium from the mainland to the Azores should be renewed and that instrument should be adjusted in line with the new support arrangements for the outermost regions.

(18) Traditional livestock farming activities should be supported. In order to meet the local consumption needs of the French overseas departments and Madeira, duty-free imports from third countries of male bovine animals intended for fattening should be authorised subject to certain conditions and up to a maximum annual limit. The possibility opened under Regulation (EC) No 1782/2003 to enable Portugal to transfer rights to the suckler cow premium from the mainland to the Azores should be renewed and that instrument should be adjusted in line with the new support arrangements for the outermost regions. ***In order to meet the local consumption needs of the French overseas department, duty-free imports from third countries of animals of equine, bovine, bubaline, ovine and caprine species intended for fattening should be authorised subject to certain conditions and up to a maximum annual limit.***

Justification

Production of high-quality beef is a complementary and, in some cases, an alternative activity to milk production. Imports of animals from third countries of various species adapted to the local context would make it possible to satisfy local consumption needs and facilitate the gradual setting-up of livestock channels.

Amendment 5 Article 2, paragraph 1

1. Specific supply arrangements are hereby

1. Specific supply arrangements are hereby

introduced for the agricultural products **listed in Annex I**, which are essential in the outermost regions for human consumption, for the manufacture of other products or as agricultural inputs.

introduced for the agricultural products **listed in the supply programmes referred to in Article 5**, which are essential in the outermost regions for human consumption, for the manufacture of other products or as agricultural inputs.

Justification

In line with the subsidiarity principle, the list of products covered by the specific supply arrangements should be removed from the regulation. It should be included instead in the supply programmes to be submitted by Member States pursuant to Article 5 of the regulation.

Amendment 6
Article 2, paragraph 2

2. A forecast supply balance shall be drawn up stating the quantity of the agricultural products listed in Annex I needed to meet supply requirements each year. A separate forecast balance may be drawn up for the requirements of undertakings packaging and processing products intended for the local market, for traditional consignment to the rest of the Community or for export as part of regional trade or traditional trade flows.

Deleted

Justification

A consequence of Amendment 3.

Amendment 7
Article 4, paragraph 2, introductory part

2. The restriction provided for in paragraph 1 shall not apply to products processed in the outermost regions from products having benefited from the specific supply arrangements **which are:**

2. The restriction provided for in paragraph 1 shall not apply to products processed **or products which have undergone sufficient working or processing** in the outermost regions from products having benefited from the specific supply arrangements **and which are exported to third countries or dispatched to the rest of the Community as part of regional trade flows or traditional trade flows in accordance with the conditions specified under the procedure**

referred to in Article 26(2).

Justification

This amendment is in keeping with the amendment to recital 4. Traditional trade flows comprise traditional dispatches to the rest of the Community and, by analogy, traditional exports to third countries which are annual, regular and significant in nature at the time of this Regulation's entry into force, as the Court of Justice of the European Communities (5th Chamber) ruled in its judgment of 15 May 2003 in Case C-282/00: Refinarias de Açúcar Reunidas, SA (RAR) v Sociedade de Indústrias Agrícolas Açoreanas, SA (SINAGA). In this judgment, the Court referred competence for assessing whether this was the case for consignments of sugar from the Azores to mainland Portugal back to the referring court.

Amendment 8
Article 4, paragraph 2 (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;*** ***Deleted***

Justification

The same justification as for Amendment 2.

Amendment 9
Article 4, paragraph 2 (b)

***(b) exported to third countries as part of
regional trade flows in accordance with
conditions specified under the procedure
referred to in Article 26(2);*** ***Deleted***

Justification

The same justification as for Amendment 2.

Amendment 10
Article 4, paragraph 2 (c)

(c) dispatched from the Azores to Madeira or vice versa.

Deleted

Justification

The same justification as for Amendment 2.

Amendment 11
Article 5, paragraph 1 (a)

(a) the draft forecast supply balance;

(a) the draft forecast supply balance, ***which quantifies the annual requirements for these products. A separate forecast balance may be drawn up for the requirements of undertakings which package and process products intended for the local market, for consignment to the rest of the Community or for export to third countries as part of regional trade or traditional trade;***

Justification

A consequence of Amendments 3 and 4.

Amendment 12
Article 5, paragraph 1 (a a) (new)

aa) products covered by the specific supply arrangements;

Justification

A consequence of Amendment 3.

Amendment 13
Article 5, paragraph 2

2. The supply programmes shall be approved in accordance with the procedure referred to in Article 26(2). ***The list of products contained in Annex I may be revised in accordance with the same procedure,*** in the light of demand developments in the

2. The supply programmes shall be approved in accordance with the procedure referred to in Article 26(2), in the light of demand developments in the outermost regions.

outermost regions.

Justification

A consequence of Amendment 3.

Amendment 14
Article 9, paragraph 1

1. Community support programmes for the outermost regions shall be established containing specific measures to assist local lines of agricultural production within the scope of the Title II of Part Three of the EC Treaty.

1. **Multiannual** Community support programmes for the outermost regions shall be established containing specific measures to assist local lines of agricultural production within the scope of the Title II of Part Three of the EC Treaty.

Justification

In order for the specific measures for local agricultural production to ensure continuity and sustainable development of lines of production in each outermost region, as required under Article 10, the support measures require long-term (multiannual) programming. For example, in step with the programming period for the EU's structural funds and financial perspective, i.e. 2007-2013.

Amendment 15
Article 9, paragraph 2

2. Community support programmes shall be established at the geographical level which the Member State concerned deems most appropriate. They shall be prepared by the competent authorities designated by the Member State, which shall submit them to the Commission after the competent authorities and organisations have been consulted at the appropriate territorial level.

2. **Multiannual** Community support programmes shall be established at the geographical level which the Member State concerned deems most appropriate. They shall be prepared by the competent authorities designated by the Member State, which shall submit them to the Commission after the competent authorities and organisations have been consulted at the appropriate territorial level.

Justification

The same justification as for Amendment 11.

Amendment 16
Article 9, paragraph 3

3. Only one Community support programme per outermost region may be submitted.

Only one **multiannual** Community support programme per outermost region may be submitted.

Justification

The same justification as for Amendment 11.

Amendment 17
Article 10

Community support programmes shall contain the measures needed to ensure continuity and development of local lines of agricultural production in each outermost region.

Multiannual Community support programmes shall contain the measures needed to ensure continuity and development of local lines of agricultural production in each outermost region.

Justification

The same justification as for Amendment 11.

Amendment 18
Article 11, paragraph 1

1. Measures taken under support programmes must comply with Community law and be consistent with other Community policies and with the measures taken under those policies.

1. Measures taken under **multiannual** support programmes must comply with Community law and be consistent with other Community policies and with the measures taken under those policies.

Justification

The same justification as for Amendment 11.

Amendment 19
Article 11, paragraph 2, subparagraph 1

2. Consistency of the measures taken under support 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

2. Consistency of the measures taken under **multiannual** support 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

environment, must be ensured.

protection of the environment, must be ensured.

Justification

The same justification as for Amendment 11.

Amendment 20
Article 12, introduction

A Community support programme shall contain:

A **multiannual** Community support programme shall contain:

Justification

The same justification as for Amendment 11.

Amendment 21
Article 12 (a)

(a) a quantified description of the current agricultural production situation taking into account the results of available evaluations, showing disparities, gaps and potential for development, the financial resources deployed and the main results of operations undertaken under **Council Regulations (EEC) Nos 3763/91¹⁴, 1600/92¹⁵, 1601/92¹⁶** and (EC) Nos 1452/2001, 1453/2001 and 1454/2001;

(a) a quantified description of the current agricultural production situation taking into account the results of available evaluations, showing disparities, gaps and potential for development, the financial resources deployed and the main results of operations undertaken under Council Regulations (EC) Nos 1452/2001, 1453/2001 and 1454/2001;

Justification

The main results of operations undertaken prior to 2001 were evaluated as part of the reform of the Posei programme for agriculture in 2001. That reform resulted in Council Regulations of 28 June 2001 introducing specific measures for certain agricultural products for the French overseas departments (No 1452/2001), the Azores and Madeira (No 1453/2001) and the Canary Islands (No 1454/2001). Therefore, the evaluation should cover the entire period since the last evaluation in 2001, in other words the period of application of the specific supply arrangements (2002, 2003 and 2004).

Amendment 22
Article 12 (d), subparagraph 1 a (new)

Budgetary flexibility may be provided for between measures under the same programme once the programme is in force.

Justification

Budgetary flexibility between measures under the same programme, for the duration of that programme, is a necessary corollary of simplifying the management mechanisms so as to allow the measures to be adjusted rapidly, as required by the Commission in its proposal for a regulation (see 'Explanatory Memorandum').

Amendment 23

Article 18, paragraph 1

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 ***health protection of agricultural produce*** 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.

Justification

The aim of this amendment is to expand the scope of the programmes so as to allow other plant health measures also to be included.

Amendment 24

Article 19, paragraph 2, subparagraph 1

2. Notwithstanding Article 19(1) of Regulation (EC) No 1493/1999, grapes from prohibited direct-producer hybrid vine varieties (***Noah, Othello, Isabelle, Jacques, Clinton and Herbemont***) harvested in the Azores and Madeira may be used for the production of wine which must remain within those regions.

2. Notwithstanding Article 19(1) of Regulation (EC) No 1493/1999, grapes from prohibited direct-producer hybrid vine varieties harvested in the Azores and Madeira may be used for the production of wine which must remain within those regions.

Justification

There are other prohibited direct-producer hybrid vine varieties, such as Seibel and Cunningham, so it is preferable not to specify them.

Amendment 25

Article 19, paragraph 2, subparagraph 2

By **31 December 2006** Portugal shall have gradually eliminated vineyards planted with prohibited direct-producer hybrid vine varieties, with, where appropriate, the support provided for in Chapter III of Title II of Regulation (EC) No 1493/1999.

By **31 December 2013** Portugal shall have gradually eliminated vineyards planted with prohibited direct-producer hybrid vine varieties, with, where appropriate, the support provided for in Chapter III of Title II of Regulation (EC) No 1493/1999.

Justification

Restructuring vineyards is a difficult task, particularly because of the structure of certain wine-growing holdings in Madeira and the geographic conditions there. In view of the importance of wine-growing in Madeira for regional development, including tourism, a longer restructuring period should be granted.

Amendment 26

Article 19, paragraph 2, subparagraph 3

Portugal shall notify the Commission, each year, of the progress made in converting and restructuring areas planted with prohibited direct-producer hybrid vine varieties.

Portugal shall notify the Commission, each year, of **the information received from the Azores and Madeira concerning** the progress made in converting and restructuring areas planted with prohibited direct-producer hybrid vine varieties.

Justification

In keeping with the possibility for the Member States to draw up the inventory of wine production potential on a regional basis as provided for under Article 16(2) of Council Regulation (EC) No 1493/1999 regarding arrangements for information (Chapter IV) concerning production potential (Title II).

Amendment 27

Article 20, paragraph 4, subparagraph 2

Detailed rules for the application of this paragraph shall be adopted in accordance with the procedure referred to in Article 26(2). The detailed rules shall determine, in

Detailed rules for the application of this paragraph shall be adopted in accordance with the procedure referred to in Article 26(2). The detailed rules shall determine, in

particular, the quantity of locally produced fresh milk to be incorporated into the reconstituted UHT milk referred to in the first subparagraph.

particular, the quantity of locally produced fresh milk to be incorporated into the reconstituted UHT milk referred to in the first subparagraph, **whereby that quantity shall become obligatory only if no outlets can be ensured for local production.**

Justification

To further lessen the obligation for the Madeira region to incorporate a minimum quantity of locally produced fresh milk, whilst at the same time affirming the guarantee as regards outlets for local production.

Amendment 28
Article 24, paragraph 3

3. The amounts allocated annually to the programmes provided for in Title II **may not exceed:**

- **French overseas departments: EUR 20.7 million,**
- **Azores and Madeira: EUR 17.7 million,**
- **Canary Islands: EUR 72.7 million.**

3. The amounts **referred to in paragraph 1 shall be** allocated annually to the programmes provided for in Title II **within the limits fixed therein.**

Justification

A consequence of amendment 27. Under Article 5, subparagraph (b), supply programmes should comprise, in particular, the rate and amount of aid for supply from the Community.

Amendment 29
Article 26, paragraph 1

1. The Commission shall be assisted by the Management Committee for Direct Payments established by Article 144 of Regulation (EC) No 1782/2003, except for the implementation of Article 16 of this Regulation, for which it shall be assisted by the Committee on Agricultural Structures and Rural Development set up by Article 50 of Regulation (EC) No 1260/1999.

1. The Commission shall be assisted by the Management Committee for Direct Payments established by Article 144 of Regulation (EC) No 1782/2003, except for the implementation of Article 16 of this Regulation, for which it shall be assisted by the Committee on Agricultural Structures and Rural Development set up by Article 50 of Regulation (EC) No 1260/1999, **and for the plant health programmes referred to in Article 18 of this Regulation, for which it shall be assisted by the Standing Committee**

***on Plant Health established by Decision
(EEC) No 76/894.***

Justification

Given the scope of plant health programmes and in accordance with the committee procedure, the Standing Committee on Plant Health should evaluate these programmes before they are adopted. That is the procedure followed for plant health measures under Poseidom and Poseima.

PROCEDURE

Title	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	TRAN 1.12.04
Enhanced cooperation	-
Draftsman Date appointed	Emanuel Jardim Fernandes 14.3.2005
Discussed in committee	20.4.2005
Date amendments adopted	24.5.2005
Result of final vote	for: 35 against: 4 abstentions: 1
Members present for the final vote	Stavros Amnoutakis, Elspeth Attwooll, Jean Marie Beaupuy, Rolf Berend, Bernadette Bourzai, Giovanni Claudio Fava, Gerardo Galeote Quecedo, Iratxe García Pérez, Eugenijus Gentvilas, Lidia Joanna Geringer de Oedenberg, Ambroise Guellec, Pedro Guerreiro, Gábor Harangozó, Marian Harkin, Konstantinos Hatzidakis, Jim Higgins, Alain Hutchinson, Carlos José Iturgaiz Angulo, Mieczysław Edmund Janowski, Gisela Kallenbach, Tunne Kelam, Constanze Angela Krehl, Sérgio Marques, Yiannakis Matsis, Miroslav Mikolášik, Francesco Musotto, Lambert van Nistelrooij, István Pálfi, Markus Pieper, Francisca Pleguezuelos Aguilar, Elisabeth Schroedter, Alyn Smith, Grażyna Staniszevska, Catherine Stihler, Margie Sudre, Kyriacos Triantaphyllides, Oldřich Vlasák
Substitutes present for the final vote	Inés Ayala Sender, Brigitte Douay, Emanuel Jardim Fernandes
Substitutes under Rule 178(2) present for the final vote	