

EUROPEAN PARLIAMENT

2004



2009

Session document

A6-0164/2008

21.4.2008

REPORT

on the proposal for a Council regulation amending Regulation (EC) No 1782/2003 as regards the transfer of tobacco aid to the Community Tobacco Fund for the years 2008 and 2009 and Regulation (EC) No 1234/2007 with regard to financing of the Community Tobacco Fund (COM(2008)0051 – C6-0062/2008 – 2008/0020(CNS))

Committee on Agriculture and Rural Development

Rapporteur: Sergio Berlato

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***. In the case of amending acts, passages in an existing provision that the Commission has left unchanged, but that Parliament wishes to amend, are highlighted in **bold**. Any deletions that Parliament wishes to make in passages of this kind are indicated thus: [...]. 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). Suggested corrections of this kind are subject to the agreement of the departments concerned.

CONTENTS

	Page
DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION	5
EXPLANATORY STATEMENT	11
OPINION OF THE COMMITTEE ON BUDGETS	13
PROCEDURE.....	17

DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

on the proposal for a Council regulation amending Regulation (EC) No 1782/2003 as regards the transfer of tobacco aid to the Community Tobacco Fund for the years 2008 and 2009 and Regulation (EC) No 1234/2007 with regard to financing of the Community Tobacco Fund

(COM(2008)0051 – C6-0062/2008 – 2008/0020(CNS))

(Consultation procedure)

The European Parliament,

- having regard to the Commission proposal to the Council (COM(2008)0051),
 - having regard to Article 37(2), third subparagraph, of the EC Treaty, pursuant to which the Council consulted Parliament (C6-0062/2008),
 - having regard to Rule 51 of its Rules of Procedure,
 - having regard to the report of the Committee on Agriculture and Rural Development and the opinion of the Committee on Budgets (A6-0164/2008),
1. Approves the Commission proposal as amended;
 2. Considers that any amount foreseen must be compatible with the ceiling of Heading 2 of the multiannual financial framework (MFF) 2007-2013, and points out that the annual amount will be decided within the annual budgetary procedure and will be assessed in a multiannual context.
 3. Calls on the Commission to alter its proposal accordingly, pursuant to Article 250(2) of the EC Treaty;
 4. Calls on the Council to notify Parliament if it intends to depart from the text approved by Parliament;
 5. Asks the Council to consult it again if it intends to amend the Commission proposal substantially;
 6. Instructs its President to forward its position to the Council and Commission.

Amendment 1

Proposal for a regulation - amending act Title

Text proposed by the Commission

Council regulation amending Regulation (EC) No 1782/2003 as regards the transfer of tobacco aid to the Community Tobacco Fund for the years **2008 and 2009** and Regulation (EC) No 1234/2007 with regard to financing of the Community Tobacco Fund

Amendment

Council regulation amending Regulation (EC) No 1782/2003 as regards the transfer of tobacco aid to the Community Tobacco Fund for the **period 2009-2012** and Regulation (EC) No 1234/2007 with regard to financing of the Community Tobacco Fund

Amendment 2

Proposal for a regulation - amending act Recital 1

Text proposed by the Commission

(1) According to Article 110j of Council Regulation (EC) No 1782/2003 of 29 September 2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers and amending certain Regulations tobacco aid is granted to the producers of raw tobacco **for the harvest years 2006 to 2009**.

Amendment

(1) According to Article 110j of Council Regulation (EC) No 1782/2003 of 29 September 2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers and amending certain Regulations tobacco aid is granted to the producers of raw tobacco **until the harvest year 2012**.

Amendment 3

Proposal for a regulation - amending act Recital 1 a (new)

Text proposed by the Commission

Amendment

(1a) Bearing in mind the many reforms introduced since 2004, particularly in the fruit and vegetable sector, producers of raw tobacco should not be discriminated against in relation to other European farmers.

Amendment 4

Proposal for a regulation - amending act Recital 3

Text proposed by the Commission

(3) Actions funded by the Community Tobacco Fund have proved to be very successful as well as a positive example of cooperation between agriculture and health policies. In order to ensure the continuation of those actions, and taking into account that the Fund has always been funded by transfer from the tobacco aid, it is appropriate to transfer an amount equal to **5%** of the tobacco aid granted for the calendar years **2008 and 2009** to the Community Tobacco Fund.

Amendment

(3) Actions funded by the Community Tobacco Fund have proved to be very successful as well as a positive example of cooperation between agriculture and health policies. In order to ensure the continuation of those actions, and taking into account that the Fund has always been funded by transfer from the tobacco aid, it is appropriate to transfer an amount equal to **6%** of the tobacco aid granted for the calendar years **2009 to 2012** to the Community Tobacco Fund.

Amendment 5

Proposal for a regulation - amending act Article 1 - point -1 (new) Regulation (EC) No 1782/2003 Article 110j

Text proposed by the Commission

Amendment

Regulation (EC) No 1782/2003 is amended as follows:

-1) Article 110j is replaced by the following:

***“Article 110j
Scope of application***

For the harvest years *up until 2012*, aid may be granted to farmers producing raw tobacco falling within CN code 2401, under the conditions laid down in this Chapter.”

Amendment 6

Proposal for a regulation - amending act

Article 1 - point -1 a (new)

Regulation (EC) No 1782/2003

Article 110l

Text proposed by the Commission

Amendment

-1a) In Article 110l, the table is replaced by the following:

**(in EUR M)
2009-2012**

Germany	t.b.a.
Spain	t.b.a.
France	t.b.a.
Italy (except Apulia)	t.b.a.
Portugal	t.b.a.

Justification

The amounts must be adjusted in line with the amendments made to the Commission proposal.

Amendment 7

Proposal for a regulation - amending act

Article 1

Regulation (EC) No 1782/2003

Article 110m

Text proposed by the Commission

Amendment

Article 110m **of Regulation (EC) No 1782/2003** is replaced by the following:

“Article 110m

Transfer to the Community Tobacco Fund

An amount equal to 4% for the calendar year 2006 **and** 5% for the **calendar years 2007, 2008 and 2009** of the aid granted in accordance with this Chapter shall finance actions of information under the Community Tobacco Fund provided for in

-1b) Article 110m is replaced by the following:

“Article 110m

Transfer to the Community Tobacco Fund

An amount equal to 4% for the calendar year 2006, 5% for the **calendar year 2007 and 6% for the calendar years 2009 to 2012** of the aid granted in accordance with this Chapter shall finance actions of information under the Community Tobacco

Article 13 of Regulation (EEC)
No 2075/92.”

Fund provided for in Article 13 of
Regulation (EEC) No 2075/92.”

Justification

Bearing in mind that the cultivation contracts are currently being concluded – and even, in the case of some Member States, were concluded some time ago – including notification of the premiums for the 2008 harvest, an unscheduled deduction in the aid for 2008 could give rise to a plethora of legal actions. The Community Tobacco Fund must continue to receive support and be revitalised, and the Commission is therefore being asked to develop a suitable multiannual action programme for an amount totalling over EUR 81 million.

Amendment 8

Proposal for a regulation - amending act

Article 1 - point -1 c (new)

Regulation (EC) No 1782/2003

Article 143e

Text proposed by the Commission

Amendment

-1c) Article 143e is deleted.

Amendment 9

Proposal for a regulation - amending act

Article 1 - point -1 d (new)

Regulation (EC) No 1782/2003

Annex VII – Point I – Paragraph 2

Text proposed by the Commission

Amendment

-1d) Annex VII, point I, second paragraph, is deleted.

Amendment 10

Proposal for a regulation - amending act

Article 2

Regulation (EC) No 1234/2007

Article 104 – paragraph 2 – point b

Text proposed by the Commission

“b) for the calendar years 2006 *to* 2009, in accordance with Article 110m of Regulation (EC) No 1782/2003.”

Amendment

“b) for the calendar years 2006 ***and 2007 and 2009 to 2012***, in accordance with Article 110m of Regulation (EC) No 1782/2003.”

EXPLANATORY STATEMENT

Parliament, in line with its own legislative resolutions in this area, stresses the major importance for the European public of the measures carried out by the Community Tobacco Fund, which is managed by the Commission's DG SANCO and aimed exclusively at promoting information initiatives on the damage tobacco products can cause. It takes the view that this Fund should continue to be financed, and revitalised, and calls on the Commission to develop a multiannual programme which, by way of the adjustments made through the amendments tabled, will receive funding of over EUR 81 million, without this in any way impacting on the EU budget.

Parliament has addressed the issues in question many times and is also fully aware, as was stated in its legislative resolution of 10 March 2004¹, that the level of raw tobacco production in Europe, which is now low and concentrated in a few specific areas of the EU that are often lagging behind, and which represents under 4% of world production, has no impact on the consumption of finished tobacco products.

The European Union is the world's leading importer of raw tobacco and relies for over 70% of its requirements on third countries – principally Brazil, Malawi, Argentina, Indonesia, Zimbabwe, India and China – to the advantage of tobaccos often produced under less closely regulated conditions than European tobacco. This also results in a trade deficit of over EUR 1.2 billion per annum.

Parliament has been informed that Member States where tobacco aid has been completely decoupled have seen, besides the cancellation of transfers to the Fund, a total or almost total abandonment of production, without any sustainable alternative having emerged from an economic or employment standpoint, contrary to what was anticipated, with very serious adverse effects on the rural areas concerned as a whole and without this having led to any change in the local consumption of finished tobacco products.

The Commission has always linked the existence of the Community Tobacco Fund to the system of support for tobacco growers. That approach, debatable as it may be given the lack of any direct causal link, can be justified on budgetary grounds, being the only source of financing provided for. In line with that rationale, and based on the view that information campaigns will in the future continue to be of value for all EU citizens, the amendments proposed would seem appropriate and necessary.

Parliament is hence taking this opportunity to reiterate the views already expressed on this issue in its aforementioned legislative resolution of 10 March 2004, and welcomes the recent formal request made to the Commission by the Ministers of almost all the tobacco-producing Member States, including those countries which have duly opted for complete decoupling, and the new Member States, for the Commission to bring forward *'a proposal for a regulation extending the current system of support for tobacco production until the year 2013'*. That matter must be addressed as part of the discussions currently in progress on the

¹ European Parliament legislative resolution of 10 March 2004 on the proposal for a Council regulation amending Regulation (EC) No 1782/2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers (COM(2003) 698 – C5-0597/2003 – 2003/0278(CNS)).

CAP 'health check'.

As regards the proposal to make an unscheduled deduction in the aid for the calendar year 2008, and bearing in mind that the tobacco cultivation contracts for the 2008 harvest year are currently being concluded and even – in the case of some Member States – were concluded some time ago (including notification of the level of premiums for the 2008 harvest), Parliament considers that approving that proposal could give rise to a plethora of legal actions or, at any event, to a dispute which would ultimately cause grave prejudice to farmers alone.

Lastly, Parliament considers that by extending the deduction until the harvest year 2012 and increasing the percentage rate of the deduction for the Fund to 6%, an amount of over EUR 81 million could be constituted, which would be enough to cover actions under the Community Tobacco Fund until the year 2013.

9.4.2008

OPINION OF THE COMMITTEE ON BUDGETS

for the Committee on Agriculture and Rural Development

on the proposal for a Council regulation amending Regulation (EC) No 1782/2003 as regards the transfer of tobacco aid to the Community Tobacco Fund for the years 2008 and 2009 and Regulation (EC) No 1234/2007 with regard to financing of the Community Tobacco Fund (COM(2008)0051 – C6-0062/2008 – 2008/0020(CNS))

Draftsman: Wiesław Stefan Kuc

SHORT JUSTIFICATION

1. Background

The proposal is based on Article 37(2), subparagraph 3 of the Treaty (Agriculture - consultation procedure) and has been brought forward by DG AGRI of the Commission, although budget lines in Title 05 and title 17 (Public Health) are concerned: 05 03 02 22 - tobacco aid with EUR 293 million (AL 2008) and 17 03 02 - Community Tobacco Fund with EUR 14,25 million. (Budget 2008).

The Commission proposes to extend the financing of the Community Tobacco Fund for the next two harvest years (2008 and 2009, budget years 2009 and 2010), in order to bring it in line with Article 110j of Council Regulation (EC) No 1782/2003 of 29 September 2003¹, which grants aid to producers of raw tobacco until harvest year 2009. Since the reform of the Common Market Organisation for tobacco in 2004, the Fund has financed information policies to improve public awareness of the effects of tobacco consumption. In the current funding period, the Fund gave support to the 'HELP – for a life without tobacco' campaign², covering communication actions taken by Directorate-General for Health and Consumer Protection (DG SANCO).

It is proposed to the Council that this be extended for the calendar years 2008 and 2009. The Fund takes 5 percent of the total budget for tobacco subsidies in 2008 and 2009 with a current maximum ceiling for tobacco aid at EUR 337,937 million. The amount of maximum annual 5 percent is being transferred to the Fund (EUR 16,897 million).

¹ OJ L 270, 21.10.2003, p. .1

Consolidated version: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32003R1782:DE:NOT>

² see www.help-eu.com

The Commission considers it useful to continue using the Fund to finance actions to inform about the harmful effects of smoking.

Article 104(2) of Regulation (EC) No 1234/2007 of 22 October 2007¹ establishing a common organisation of agricultural markets and on specific provisions for certain agricultural products ('Single CMO Regulation') provides for the funding of the Community Tobacco Fund by the transfer of a certain amount of tobacco aid for the calendar years 2006 and 2007 in accordance with Article 110m of Regulation (EC) No 1782/2003. The Community Tobacco Fund has always been funded by the transfer of part of the tobacco aids. Council Regulation (EC) No 864/2004 finally extended the tobacco aid to 2008 and 2009 without accordingly extending the funding of the Community Tobacco Fund by a reduction of the tobacco aid.

2. The projects financed by the Fund

The Fund's public health objectives

- Raising public awareness of the harmful effects of tobacco consumption, including passive smoking.
- Improving the relevance and effectiveness of the messages put across about the harmful effects of tobacco consumption, and the methods of communication used (language and images).
- Preventing and stopping smoking.
- Disseminating the results to the national authorities and the relevant sectors.

3. Financial implications

The current maximum ceiling for tobacco aid being at EUR 337,937 million, meaning that the maximum annual amount which can be transferred to the Fund is EUR 16,897 million.

A possible prolongation of the Fund would not involve any additional Community expenditure. It extends the possibility foreseen in Article 110m of Regulation (EC) No 1782/2003 to the transfer in 2008 and 2009 (budget years 2009 and 2010) 5% of the amount of tobacco aid under 'Direct Aids' to the 'Community Tobacco Fund'. The ceilings on tobacco aid remain unchanged and the maximum annual amount which can be transferred amounts to EUR 16,897 million (EUR 337,937 million x 5% = EUR 16,897 million). This amount from line 05 03 02 22 will be available instead under budget line 17 03 02 – Community Tobacco Fund. As this is a transfer between titles, this measure does not entail any additional budget appropriations.

4. Amendments

It is clear that this proposal is also subject to the mid-term review of the Multi-annual Financial Framework foreseen in Declaration 3 of the IIA of 17 May 2006 and the conclusions of the European Council ('full, wide-ranging review covering all aspects of EU spending, including the CAP').

¹ OJ L 229, 16.11.2007, p. 1.

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

Amendment 1

Draft legislative resolution

Paragraph 1 a (new)

Draft legislative resolution

Amendment

1a. Considers that any amount foreseen must be compatible with the ceiling of Heading 2 of the multiannual financial framework (MFF) 2007-2013 as revised by Decision 2008/29/EC of 18 December 2007, and points out that the annual amount will be decided within the annual budgetary procedure and will be assessed in a multi-annual context.

Justification

This amendment aims to recall that the proposal, being part of the CAP, it is not only subject to the mid-term review of the Multiannual Financial Framework foreseen in Declaration 3 of the IIA of 17 May 2006 and the conclusions of the European Council ('full, wide-ranging review covering all aspects of EU spending, including the CAP'), but also subject to scrutiny within the annual Budget Procedure.

PROCEDURE

Title	Community Tobacco Fund	
References	COM(2008)0051 – C6-0062/2008 – 2008/0020(CNS)	
Committee responsible	AGRI	
Opinion by Date announced in plenary	BUDG 21.2.2008	
Drafts(wo)man Date appointed	Wiesław Stefan Kuc 20.2.2008	
Discussed in committee	1.4.2008	8.4.2008
Date adopted	8.4.2008	
Result of final vote	+: 27	–: 0
	0: 0	
Members present for the final vote	Laima Liucija Andrikienė, Richard James Ashworth, Reimer Böge, Paulo Casaca, Brigitte Douay, Szabolcs Fazakas, Salvador Garriga Polledo, Ingeborg Gräßle, Louis Grech, Catherine Guy-Quint, Jutta Haug, Anne E. Jensen, Wiesław Stefan Kuc, Janusz Lewandowski, Vladimír Maňka, Cătălin-Ioan Nechifor, Margaritis Schinas, Esko Seppänen, Nina Škottová, Theodor Dumitru Stolojan, László Surján, Helga Trüpel, Kyösti Virrankoski, Ralf Walter	
Substitute(s) present for the final vote	Thijs Berman, Richard Corbett, Libor Rouček	

PROCEDURE

Title	Community Tobacco Fund	
References	COM(2008)0051 – C6-0062/2008 – 2008/0020(CNS)	
Date of consulting Parliament	12.2.2008	
Committee responsible Date announced in plenary	AGRI 21.2.2008	
Committee(s) asked for opinion(s) Date announced in plenary	BUDG 21.2.2008	
Rapporteur(s) Date appointed	Sergio Berlato 21.1.2008	
Discussed in committee	31.3.2008	17.4.2008
Date adopted	17.4.2008	
Result of final vote	+: 30	-: 4
	0: 0	
Members present for the final vote	Vincenzo Aita, Peter Baco, Sergio Berlato, Bernadette Bourzai, Luis Manuel Capoulas Santos, Giuseppe Castiglione, Albert Deß, Carmen Fraga Estévez, Ioannis Gklavakis, Friedrich-Wilhelm Graefe zu Baringdorf, Esther Herranz García, Lily Jacobs, Heinz Kindermann, Vincenzo Lavarra, Stéphane Le Foll, Diamanto Manolakou, Rosa Miguélez Ramos, Neil Parish, Vincent Peillon, María Isabel Salinas García, Willem Schuth, Czesław Adam Siekierski, Petya Stavreva, Witold Tomczak, Andrzej Tomasz Zapałowski	
Substitute(s) present for the final vote	Pilar Ayuso, Alessandro Battilocchio, Alejandro Cercas, Wiesław Stefan Kuc, Hans-Peter Mayer, Zdzisław Zbigniew Podkański, Kyösti Virrankoski	
Substitute(s) under Rule 178(2) present for the final vote	Francisca Pleguezuelos Aguilar, Luis Yañez-Barnuevo García	
Date tabled	21.4.2008	