



EUROPEAN PARLIAMENT

2009 - 2014

Committee on Regional Development

2009/0138(COD)

24.2.2010

OPINION

of the Committee on Regional Development

for the Committee on Agriculture and Rural Development

on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EC) No 247/2006 laying down specific measures for agriculture in the outermost regions of the Union (COM(2009)0510 – C7-0255/2009 – 2009/0138(COD))

Rapporteur: Nuno Teixeira

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SHORT JUSTIFICATION

The economic and social development of the EU's outermost regions is determined by their periphery, insularity, small territory, difficult climate and geography and economic dependence on a short range of goods and services.

Your draftsman believes that those permanent hindrances should lead to permanent support aiming at better social cohesion and a more sustainable economy and environment.

Article 349 of the Treaty of Lisbon incorporates the possibility of specific measures targeted at outermost regions which should continue to be made a reality through tailored initiatives that respond to their specific needs namely in the agriculture sector.

The financial framework post-2013 should be based on the principles of solidarity with the goal of social and territorial cohesion. Support measures for outermost regions, in which supply arrangements are included, should not be understood as unfair advantages as they mostly relate to goods and services locally produced and consumed which could hardly lead to distorted competition.

The evolution of the agri-food industry in the outermost regions and the know-how gained with the application of Regulation (EC) 247/2006 have also proved necessary to adjust other regulations directly linked to this one. Commission Regulation (EC) 793/2006, which defines certain rules for applying regulation (EC) 247/2006, should be reviewed regarding, for instance, maximum quantities for the export and dispatch of products that have been processed in the outermost regions from products having benefited from specific supply arrangements in the context of regional trade and traditional consignments. Additionally, given that Angola is currently part of trade flows with the Autonomous Region of Madeira, this country should be added in Annex VI of Regulation (EC) 793/2006 as a third country to which processed products are exported from Madeira in the context of regional trade.

Additionally, in Commission Regulation 793/2006 there are other technical details, like the deadline for the payment of aid, which could also be subject to change following the proposal for a recast of the directive on combating late payment in commercial transactions (Commercial transactions: combating late payment (repeal. Directive 2000/35/EC). Recast, COD/2009/0054).

Your draftsman broadly agrees with the current proposal namely in what concerns the following aspects:

Adjustment of Article 5 of Regulation 247/2006 which reflects the new provisions of Regulation (EC) 1234/2007 and permits the Azores to incorporate raw cane sugar in its forecast supply balance.

Extension until 31 December 2013 of the derogation from article 2 which allows the Canary islands to continue to receive supplies of certain milk-based preparations which are a fundamental piece of local nutrition and industry.

Deletion of the references to provisions for checks and penalties in point (f) of Article 12 following experience with the implementation of Community support programmes. Your draftsman draws attention to the fact that, according to Article 27 of regulation (EC) 247/2006, Member States will inform the Commission regarding such measures.

Extension of the derogation, already granted to Madeira, to the French overseas department of Reunion to produce UHT milk reconstituted from milk powder originating in the Community within the limits of local consumption requirements.

Nonetheless, your draftsman would like to propose the amendments explained below which tackle outstanding issues that could enhance the development of the outermost regions:

Recital 5 of the current Commission's proposal should mention the deletion of the date 31 December 2013 from Article 18 (2) of Council Regulation (EC) 247/2006 in order to eliminate asymmetrical treatment between the regions of the Azores and Madeira on one hand and the rest of the Community on the other.

An additional recital should be added (7a) in the current proposal referring to the retroactivity of the application of the regulation.

A continued effort should be made to improve flexibility in the management of supply arrangements aiming at swift and effective adjustments to the regions' specific characteristics and to the evolution of the local market. Therefore, recital 4 and Article 2(2) of Council Regulation (EC) 247/2006 should mention the need for a regular update of the maximum quantities of processed products which can be exported or dispatched annually from the outermost regions in the context of regional trade and traditional consignments.

Accordingly, Article 4(2) of the same Regulation should be amended with the purpose of incorporating the average of exports or dispatches during the previous three years in the formula of those annual maximum quantities the threshold being maintained as the average of the exports or dispatches in the years 1989, 1990 and 1991 which are the reference years of the Council Regulation (EC) 247/2006. This change also targets better adjustment to market realities. The limits of the quantities currently in effect are stifling local industries and employment as they prevent enterprises from benefitting of economies of scale as they face enormous transportation costs. Those quantities shall be managed and presented as a single sum that incorporates both quantities exported to third countries, and quantities dispatched to the rest of the community.

Article 18(2) of the current Commission's proposal should refer that the phase-out of prohibited direct-producer hybrid vine varieties in Portugal shall have the possibility of Community support as per Regulation (EC) 1234/2007.

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:

Amendment 1

Proposal for a regulation – amending act Recital 5

Text proposed by the Commission

(5) The second subparagraph of Article 18(2) of Regulation (EC) No 247/2006 foresees gradual elimination, by 31 December 2013, of vineyards planted with prohibited direct-producer hybrid vine varieties in the Azores and Madeira. The third subparagraph of Article 18(2) of that Regulation obliges Portugal to notify each year progress made in converting and restructuring areas planted with such vine varieties. These provisions are stricter than the rules laid down in Article 120a(5) of Regulation (EC) No 1234/2007, namely that prohibited direct-producer hybrid vine varieties shall be grubbed up except when the resulting wine is intended exclusively for the wine producers' family. Therefore Article 18(2) **and 18(3)** of Regulation (EC) No 247/2006 should be deleted in order to eliminate the disparity of treatment between the regions of the Azores and Madeira on one hand and the rest of the Community on the other.

Amendment

(5) The second subparagraph of Article 18(2) of Regulation (EC) No 247/2006 foresees gradual elimination, by 31 December 2013, of vineyards planted with prohibited direct-producer hybrid vine varieties in the Azores and Madeira. The third subparagraph of Article 18(2) of that Regulation obliges Portugal to notify each year progress made in converting and restructuring areas planted with such vine varieties. These provisions are stricter than the rules laid down in Article 120a(5) of Regulation (EC) No 1234/2007, namely that prohibited direct-producer hybrid vine varieties shall be grubbed up except when the resulting wine is intended exclusively for the wine producers' family. Therefore **the date of 31 December 2013 in** Article 18(2) of Regulation (EC) No 247/2006 should be deleted in order to eliminate the disparity of treatment between the regions of the Azores and Madeira on one hand and the rest of the Community on the other.

Amendment 2

Proposal for a regulation – amending act Recital 6 a (new)

Text proposed by the Commission

Amendment

(6a) Because of the limited nature of their local markets and because of their conditions of production, which entail substantial additional costs, Guadeloupe, French Guiana, and Martinique have been unable to develop dairy sectors meeting local needs. The development of the dairy sector in Madeira, brought about by means of milk reconstituted from milk powder, could serve as a

development model for that sector in outermost regions sharing common characteristics. The waiver granted to Madeira under the first subparagraph of Article 19(4) of Regulation (EC) No 247/2006 should therefore be extended to apply, without delay, to Martinique, Guadeloupe, and French Guiana.

Amendment 3

Proposal for a regulation – amending act Recital 7

Text proposed by the Commission

(7) The conditions for further extension of the local milk production of the outermost regions, which benefit from the waiver *foreseen by* the first subparagraph of Article 19(4) of Regulation (EC) No 247/2006, are very limited due to the topography of the islands concerned. Though the obligation to ensure the collection and *outlet of* the local milk production is maintained, it is appropriate to delete the Commission's obligation, *foreseen by* the second subparagraph of that Article, to determine an incorporation rate for fresh milk produced locally.

Amendment

(7) The conditions for further extension of the local milk production of the outermost regions, which benefit from the waiver *provided for in* the first subparagraph of Article 19(4) of Regulation (EC) No 247/2006, are very limited ***or still uncertain*** due to the topography of the islands concerned ***and the fact that those local dairy sectors have emerged only recently***. Though the obligation to ensure the collection *of,* and *outlets for,* the local milk production is maintained, it is appropriate to delete the Commission's obligation, *as set out in* the second subparagraph of that Article, to determine an incorporation rate for fresh milk produced locally.

Amendment 4

Proposal for a regulation – amending act Recital 7 a (new)

Text proposed by the Commission

Amendment

(7a) The retroactive application of the provisions of this Regulation should ensure continuity in the specific measures for agriculture in the outermost regions of the Union and should also meet the

legitimate expectations of the operators concerned.

Amendment 5

Proposal for a regulation – amending act

Article 1 – point -1 (new)

Regulation (EC) No 247/2006

Recital 4

Text proposed by the Commission

Amendment

(-1) Recital 4 is replaced by the following:

"(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, *which have not been processed*, 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 *to the rest of the Community*. For the sake of clarity and better adjustment to the evolution of the market, the reference period for defining the maximum quantities for traditional

exports or dispatches should be calculated in accordance with this Regulation."

Justification

This amendment aims at adding clarity to the current regulation on conditions under which unprocessed and processed products, in the framework of specific supply arrangements, can be exported or dispatched. Furthermore it adjusts the regulation to the realities of the market by mentioning the need for a regular update of the maximum quantities for traditional export and dispatch as per Amendment 5 to Article 4(2).

Amendment 6

Proposal for a regulation – amending act

Article 1 – point -1 a (new)

Regulation (EC) No 247/2006

Article 2 – paragraph 2

Text proposed by the Commission

Amendment

(-1a) Article 2(2) is replaced by the following:

“2. A forecast supply balance shall be drawn up stating the quantity of the agricultural products referred to in paragraph 1 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. In the event that a separate forecast balance is drawn up, the quantities specified shall be updated regularly so as to reflect the market trend described in Article 4(2).”

Justification

Amendment 5 to Article 4(2) implies a need for regular updating of the maximum quantities of processed products that may be exported or dispatched annually from the outermost regions, whether as part of local trade or in traditional consignments.

Amendment 7

Proposal for a regulation – amending act

Article 1 – point -1 b (new)

Regulation (EC) No 247/2006

Article 4 – paragraph 2 – point a

Text proposed by the Commission

Amendment

(-1b) Article 4(2)(a) is replaced by the following:

"(a) exported to third countries or dispatched to the rest of the Community within the limits of traditional exports and traditional dispatches. Those quantities 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 three years before the current year, subject to a minimum threshold equal to the average of exports or dispatches during the years 1989, 1990 and 1991. Those quantities shall be managed and presented as a single sum, which includes quantities exported to third countries and quantities dispatched to the rest of the Community.

Justification

This amendment incorporates the average of exports or dispatches of the previous three years in the formula of the annual maximum quantities of processed products which can be exported or dispatched from the outermost regions for regional trade and traditional consignments. The limits of those quantities currently in effect are stifling local industries and employment as they prevent enterprises from benefitting of economies of scale as they face enormous transportation costs.

Amendment 8

Proposal for a regulation – amending act

Article 1 – point 4

Regulation (EC) No 247/2006

Article 18 – paragraph 2

Text proposed by the Commission

Amendment

2. Notwithstanding Article 120a(2) of

2. Notwithstanding Article 120a(2) of

Regulation (EC) No 1234/2007, grapes from prohibited direct-producer hybrid vine varieties (Noah, Othello, Isabelle, Jacquez, Clinton and Herbemont) harvested in the Azores and Madeira may be used for the production of wine which must remain within those regions.

Regulation (EC) No 1234/2007, grapes from prohibited direct-producer hybrid vine varieties (Noah, Othello, Isabelle, Jacquez, Clinton and Herbemont) harvested in the Azores and Madeira may be used for the production of wine which must remain within those regions. ***Portugal shall gradually eliminate vineyards planted with prohibited direct-producer hybrid vine varieties, with, where appropriate, the support provided for in Article 103q of Regulation (EC) No 1234/2007.***

Amendment 9

Proposal for a regulation – amending act

Article 1 – point 5

Regulation (EC) No 247/2006

Article 19 – paragraph 4 – subparagraph 1

Text proposed by the Commission

4. Notwithstanding Article 114(2) of Regulation (EC) No 1234/2007, the production in Madeira and in the French overseas department of *Reunion* of UHT milk reconstituted from milk powder originating in the Community shall be authorised within the limits of local consumption requirements, *insofar* as this measure does not hinder *that* locally produced milk *is* collected and *finds* outlets. This product shall be used for local consumption only.

Amendment

4. Notwithstanding Article 114(2) of Regulation (EC) No 1234/2007, the production in Madeira and in the French overseas department of *Réunion* of UHT milk reconstituted from milk powder originating in the Community shall be authorised within the limits of local consumption requirements, *in so far* as this measure does not hinder locally produced milk *from being* collected and *finding* outlets ***or impede efforts to encourage the development of that production.*** This product shall be used for local consumption only.

PROCEDURE

Title	Specific measures for agriculture in the outermost regions of the Union (amendment of Regulation (EC) No 247/2006)
References	COM(2009)0510 – C7-0255/2009 – 2009/0138(COD)
Committee responsible	AGRI
Opinion by Date announced in plenary	REGI 12.11.2009
Rapporteur Date appointed	Nuno Teixeira 4.11.2009
Discussed in committee	25.1.2010
Date adopted	22.2.2010
Result of final vote	+: 38 -: 0 0: 2
Members present for the final vote	François Alfonsi, Luís Paulo Alves, Charalampos Angourakis, Catherine Bearder, Jean-Paul Basset, Sophie Briard Auconie, Zuzana Brzobohatá, Alain Cadec, Ricardo Cortés Lastra, Tamás Deutsch, Rosa Estaràs Ferragut, Seán Kelly, Evgeni Kirilov, Constanze Angela Krehl, Petru Constantin Luhan, Elżbieta Katarzyna Łukacijewska, Ramona Nicole Mănescu, Iosif Matula, Miroslav Mikolášik, Lambert van Nistelrooij, Franz Obermayr, Jan Olbrycht, Wojciech Michał Olejniczak, Markus Pieper, Georgios Stavrakakis, Nuno Teixeira, Michael Theurer, Michail Tremopoulos, Viktor Uspaskich, Oldřich Vlasák, Kerstin Westphal, Hermann Winkler, Joachim Zeller
Substitute(s) present for the final vote	Vasilica Viorica Dăncilă, Karin Kadenbach, Heide Rühle, Peter Simon, László Surján, Evžen Tošenovský, Sabine Verheyen