

# Specific measures for agriculture in the smaller Aegean islands

2010/0370(COD) - 17/12/2010 - Legislative proposal

**PURPOSE:** to recast Regulation (EC) No 1405/2006 of the Council laying down specific measures in favour of agriculture in the smaller Aegean islands.

**PROPOSED ACT:** Regulation of the European Parliament and of the Council.

**LEGAL BASE:** first subparagraph of Article 42 and Article 43(2) of the Treaty on the Functioning of the European Union (TFEU).

**IMPACT ASSESSMENT:** no impact assessment was carried out.

**CONTENT:** in view of the new amendments which have become necessary and following the entry into force of the Lisbon Treaty, it is necessary to repeal Regulation (EC) No 1405/2006 and replace it with a new text.

**1. Alignment with the Treaty on the Functioning of the European Union (TFEU):** the harmonisation of Regulation (EC) No 1405/2006 with the new rules contained in the Treaty is based on classifying into delegated powers (Article 290 of the TFEU) and implementing powers (Article 291 of the TFEU) of the provisions adopted by the Commission pursuant to that Regulation (Regulation (EC) No 1914/2006 laying down certain detailed rules for applying Council Regulation (EC) No 1405/2006).

Following this exercise, a draft proposal recasting Regulation (EC) No 1405/2006 has been drafted. Under this draft, the Legislator reserves the right to issue decisions concerning the essential elements of a specific scheme for certain agricultural products in the smaller Aegean islands, in order to remedy the difficulties caused by their isolation, remoteness, insularity, small size, mountainous terrain and climate and their economic dependency on a small number of products.

The general guidelines for this scheme and the general principles which underpin it are determined by the Legislator. As such, the objectives of the measures introduced by this specific scheme and the principles regarding programming, compatibility and consistency with other EU policies are defined by the Legislator. The Legislator also establishes the principles for a certification scheme and the application of penalties, reductions and exclusions.

- **In accordance with Article 290 of the TFEU:** the Commission may adopt, by means of a **delegated act**, the conditions for operators being registered in the register of certificates and can, if necessary (given the economic situation), require the lodging of a security for the issuing of certificates. The Legislator can also delegate to the Commission the power to adopt measures relating to the establishment of the procedure for approving amendments to the programme, conditions for processing, the conditions on establishing aid amounts and penalties.

- **In accordance with Article 291 of the TFEU:** the Legislator may grant the Commission the power to **implement**, specifically with regard to the uniform conditions relating to the introduction of the system of certificates and the commitment of operators concerning the specific supply arrangements, the uniform conditions for implementing the programme and a general framework of checks which Greece must perform.

**2. Substantive amendments:** in view of the fact that since it was adopted, Council Regulation (EC) No 1405/2006 has been the subject of several amendments, it is proposed that it be recast in the interests of clarity.

Furthermore, changes in Community legislation and the practical implementation of this Regulation that have occurred since it was adopted also make it necessary to amend certain of its provisions and to restructure the legislative text so that it reflects more effectively the reality of this scheme.

This new regulation is **more explicit in setting out the scheme's main objectives**, the implementation of which the specific measures for agriculture in the smaller Aegean islands should contribute to.

Its new structure highlights the **central role played by the support programme**, which has now been defined for the smaller Aegean islands at the most appropriate level and coordinated by Greece. This programme relates to the two fundamental elements of the specific supply arrangement and of the specific measures to assist local production.

Other minor amendments have been made to the wording of the Regulation, in particular:

- **the procedure for submitting the programme and amendments for approval to the Commission** has been specified to make it more consistent with current practice and in view of the need for greater flexibility and efficiency as regards the process of adapting the programme to meet the actual needs of agriculture and the supply of products essential for the smaller Aegean islands;
- it has been specified that the **specific supply arrangements** should be designed in accordance with local agricultural production, the development of which should not be limited by aid for supply which is too excessive for products which are also produced locally;
- in the interests of sound budgetary management, Greece must indicate in its programme the **list of aid constituting direct payments**;
- it is also helpful to indicate **how the aid amounts for measures to assist local agricultural products are defined**, which was previously not indicated in the basic act;
- the ceiling for financing for the specific supply arrangements has **increased by 20%**, in the light of the information provided by the Court of Auditors concerning the insufficiency of these funds;
- the date for presenting the **annual report** on the implementation of the measures under the support programme during the previous year was postponed for a month in order to provide the Greek authorities with the opportunity of taking account in the report of the final statement of expenditure for the measures to assist local agricultural production.

The Regulation does not affect the sources of financing or the intensity of Community support.

**BUDGETARY IMPLICATION:** although the proposed amendments to Council Regulation (EC) No 1405/2006 do not modify the maximum annual amount, the maximum amount of the special supply arrangements changes to EUR 6.56 million, which will lead to a different resource allocation. This, in turn, could have an impact on the rate of expenditure. However, this possible impact is not measurable at this stage.