

Outermost regions: specific measures for agriculture

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The Committee on Agriculture and Rural Development adopted the report by Gabriel MATO ADROVER (EPP, ES) 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.

The committee recommends that the European Parliament's position adopted at first reading, following the ordinary legislative procedure, should amend the Commission's proposal as follows:

Legal basis: Members call for the proposal to be based on Article 349 of the Treaty on the Functioning of the European Union (TFEU), the only article in the Treaty under which the outermost regions receive special treatment.

Specific objectives: the specific supply arrangement **should not, however, under any circumstances damage local products and their development**. In addition, these measures should:

- secure the long-term future and development of the so-called livestock and crop diversification sectors in the outermost regions, including the production, processing and the sale of local products, while at the same time significantly improving the local population's degree of self-sufficiency by increasing domestic production and reducing imports, in particular on account of the higher transport-related costs;
- maintain the development and strengthen the competitiveness of traditional agricultural activities in the outermost regions, including the production, processing and marketing of local crops and products, whilst ensuring that the revenue generated by the products and by-products of traditional agricultural sectors is shared fairly between producers, processors and distributors;
- foster research and innovation, in particular with a view to developing sustainable, high value-added agricultural production.

These objectives must be achieved by: (i) taking a **holistic approach to sustainable development** which seeks both to safeguard the environment and to guarantee producers and farmers a decent income; (ii) involving measures to provide farmers and processors with **ongoing training** in order to foster the development of high-quality, productive and sustainable agricultural sectors.

Content of Programmes: the POSEI programme shall comprise the establishment of **regional monitoring committees** to assess the effectiveness and level of implementation of each measure, through official, timetabled consultation of stakeholders.

Operation of the arrangements: according to the Commission, no aid shall be granted for the supply of products which have already benefited from the specific supply arrangements in another outermost region. Members consider that this measure 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.

Another amendment stipulates that **products from third countries should comply with the European Union's veterinary and phytosanitary standards**.

Impact of advantage: at each point of trade, the specific supply arrangement advantage should be passed on by the different operators, including those involved in commercial distribution, when the final user is the consumer. The Member States shall endeavour to ensure that the economic advantage of the benefits granted under the specific supply arrangements is in fact passed on to the end user, including the application of a more favourable fiscal policy for imported products or for processed products incorporating products imported under these arrangements.

‘Regional trade’: it is stated that this term shall be understood as trade, for each French overseas department, the Azores and Madeira and the Canary Islands, with third countries belonging to the same geographical area as those outermost regions, and with countries with which there are historical trade links. The list of countries involved in regional trade with the outermost regions should be revised in accordance with trends in exports by these areas.

Measures to assist local agricultural products: in order to improve the effectiveness of support for measures to assist local producers in the outermost regions, Member States may make advance payments for all POSEI actions in support of local production. Once the beneficiaries’ projects have been approved, the Member States may issue an attestation to make it easier for them to obtain prefinancing from a bank.

Insurance against the risk of natural disasters: 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, as a consequence of which 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.

Plant health programmes: programmes for the control of organisms harmful to crop production should be extended to all the outermost regions given the growing proliferation of pests, largely as a consequence of climate conditions and the increase in trade. They call for EU participation to cover 75% of the eligible expenditure (as opposed to 65% as proposed by the Commission).

Wine: Members wish to exempt the Canary Islands from any provision restricting the development of production in this sector in the future, bearing in mind the decline seen in recent years. The impact of a derogation from the provisions on illegal vineyards would be virtually nil for the mainland sector, since only 14.7% of wines consumed in the Canary Islands are locally produced.

Financial resources: in respect of each financial year, the Union shall finance the measures provided for in the Regulation, up to a minimum annual sum equivalent to:

- in the **Overseas Departments of France: EUR 308.21 million** (instead of EUR 278.41 million);
- **Azores and Madeira: EUR 117.61 million** (instead of 106.21 million);
- **Canary Islands: EUR 297.12 million** (instead of 268.42).

The sums allocated for each financial year to finance the measures provided for in the Regulation may not exceed EUR 26.9 million (instead of EUR 24.8 million) for the Overseas Departments of France.

The Commission shall ensure that the allocation of aid among the outermost regions of a single Member State does not excessively disadvantage one or more of those regions.

Banana producers: 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 Mercosur, appropriate **compensation** shall be paid to banana producers in the outermost regions of the Union. This compensation shall be of the order of EUR 30 million per year for all the banana-producing countries in the Union.

In future, the Commission shall submit a report assessing the impact that any new tariff concessions for imports of bananas into the European Union will have on producers' incomes. That report shall be accompanied, where necessary, by a legislative proposal with the aim of offsetting the losses of income suffered by EU producers.

Impact assessment: 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.

As regards the **milk sector**, given the significant impact the dismantling of the milk-quota system can be expected to have on the milk sector in the outermost regions, the Commission shall submit a **report assessing the impact of dismantling that system**. This report shall be accompanied by a legislative proposal concerning due compensation for the losses of income suffered by producers in the outermost regions of the Union at any given time.

Extensions to the list of outermost regions: any extension to the list of outermost regions of the EU shall be coupled with increased funding for the POSEI programmes.

Delegated acts: in order to ensure the proper functioning of the regime established by this Regulation, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission to enable it to supplement or modify certain non-essential elements of the present Regulation.