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Committee of the Regions

90th plenary session held on 11 and 12 May 2011

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I

(Resolutions, recommendations and opinions)

RESOLUTIONS

COMMITTEE OF THE REGIONS

90TH PLENARY SESSION HELD ON 11 AND 12 MAY 2011

Resolution of the Committee of the Regions on 'Dealing with the impact and consequences of revolutions in the Mediterranean'

(2011/C 192/01)

THE COMMITTEE OF THE REGIONS

A humanitarian crisis is unfolding

1. is observing with concern the changes and uncertainty in the Southern Mediterranean and fully supports the process of social, economic and political reform that should lead to true democratisation and new stability in all the countries in question and genuine opportunities for the men and women of the area to build peace and prosperity; regrets and strongly condemns any form of violence and human rights abuses in certain countries in the area and calls urgently on the European Union to live up to its responsibilities to support peaceful change and democratic transition;

2. is concerned about the movement of refugees resulting from the events in North Africa, which directly affects those Member States and their local communities which are closer to the region; stresses therefore the need to provide, without delay, the concrete solidarity and the necessary support pledged by the European Union and the Member States in the European Council Declaration of 11 March 2011 and the European Council Conclusions of 24-25 March 2011

3. recalls the declaration of the CoR presidency on 4 March 2011 ⁽¹⁾ which offered to support the aspirations of the peoples of the whole region and expressed the Committee's solidarity with their calls for effective democracy, political pluralism, fundamental freedoms and respect for human rights;

4. notes also that a considerable number of people are moving to the EU for economic, political or social reasons; recognises that some of these persons are displaced as a result of the emergency situation in the region and that they may have legitimate claims to asylum or international protection; recalls that the right to asylum is guaranteed *inter alia* by the Charter of Fundamental Rights and corresponds to the EU and the Member States' obligations under international law;

5. recognises that political and social instability in the Southern Mediterranean coupled with repression, economic difficulties across a variety of sectors, as well as the continuing deterioration of the environment are major driving forces behind the migration of populations in and from the region, which is likely to continue since more and more people are fleeing political unrest and poverty;

Immediate response to the crisis

6. underscores the need to provide an immediate and urgent response to the deteriorating humanitarian situation, which takes into account fundamental rights and the individual situations of the people concerned; considers that this response requires a coordinated approach from the EU, the Member States and authorities at the sub-national levels and reiterates that the experience of cities and regions throughout the EU of emergency responses and civil protection is available to the EU institutions, agencies and the Member States; this approach should also involve organised civil society, so as to capitalise upon people-to-people-contacts in the countries concerned;

⁽¹⁾ CdR 113/2011.

7. calls for true and real solidarity towards the Member States and communities most directly affected by migration flows and based on a fair allocation of operational and financial responsibilities as enshrined in the Treaties, in line with Article 80 of the TFEU; urges the EU and the Member States to continue to adapt these measures as the situation evolves, taking into consideration the needs of the migrant or displaced populations and the communities which are providing them with assistance;

8. calls on all the Local and Regional Authorities of the EU to support a burden-sharing action plan to help resettle refugees from the region and set up a solidarity fund to tackle the humanitarian pressures caused by the crisis and thus to urge the Member States to activate the mechanism provided for in Council Directive 2001/55/EC on minimum standards for giving temporary protection in the event of a 'mass influx' of displaced persons and on measures promoting a balance of efforts between Member States in receiving such persons and bearing the consequences thereof, based on the principle of solidarity between Member States, and to demonstrate the European Union's genuine commitment to the principle of solidarity and responsibility-sharing;

9. pending the allocation of specific funds, calls for existing financial instruments to be used to mobilise resources rapidly in the areas affected, in order to deal with the emergency situations caused by the influx of migrants;

10. suggests introducing compensation measures to support the areas most affected by the emergency in order to offset the enormous losses and negative impact on local economies, particularly in key sectors such as tourism and fisheries;

11. in this context, suggests that Council Directive 2001/55/EC be reviewed in order to define more clearly what constitutes a 'mass influx' of migrants, possibly defining it in relation to the receiving countries' population;

12. underlines that all measures taken by Member States must be in accordance with EU legislation, respecting the Schengen acquis which guarantees free movement of citizens within the EU and therefore constitutes an essential achievement of European integration, as well as safeguarding fundamental human rights as outlined in the instruments of international law and the EU Treaties, in particular the Charter of Fundamental Rights;

13. welcomes the European Commission's proposals with a view to safeguarding the Community character of the Schengen system to ensure that the necessary responses to external events by the Schengen system are based on transparent, common European rules and do not unduly restrict existing cross-border cooperation;

A long-term response

14. is more than ever aware of the pressing need to develop comprehensive common immigration and asylum policies based on solidarity and a fair sharing of responsibilities; stresses that local and regional authorities should as a matter of priority be involved in the policies on legal migration and the integration of migrants;

15. insists that all efforts should be mobilised to counter irregular migration and its side-effects, in particular trafficking of human beings; supports the conclusion of readmission agreements between the EU and the countries in the region; calls for a review of the mandate and role of FRONTEX, including a reinforcement of its financial, technical and human resources to patrol the EU's borders, including the Mediterranean coasts;

16. joins calls to review the current asylum legislation, in particular the mechanism for determining the Member State responsible for examining asylum applications, and urges the EU institutions and the Member States to continue work on the full establishment of a Common European Asylum System; expects that the European Asylum Support Office (EASO) will provide valuable support to the most exposed Member States in managing migration;

17. is convinced that democracy based on free and fair elections and the rule of law, as well as efficient and democratic local and regional administration, are prerequisites for stability and political as well as economic development in the countries concerned and play a crucial role in allowing citizens to harness their competences in their own country;

18. underlines the practical usefulness of capacity building programmes within the context of the enlargement and the European Neighbourhood policies and – taking the Local Administration Facility pilot programme as a concrete example⁽²⁾ – suggests that equivalent initiatives should be developed for the Southern Mediterranean countries in order to support their capacity building at local and regional level;

19. notes the connection between migration and development policies and sees the need to develop policies supportive of the creation of economic and social conditions in the region that can guarantee a sustainable future for the local populations, thus decreasing the incentives to migrate; in particular, considers it essential to reduce poverty and to create jobs for the younger generation and therefore calls for full use to be made of existing EU resources and experience to support education and vocational training in these countries;

⁽²⁾ The CoR already cooperates closely with the European Commission in supporting this pilot programme that is currently restricted to candidate and potential candidate countries

20. underlines the importance of boosting trade and investment with these countries, and of providing micro-credit facilities for the creation of small businesses, as a means to enable these countries to increase their own economic growth and reduce poverty; increased trade with North Africa would also be of benefit to Europe, resulting in the creation of many jobs for Europeans and economic growth for the EU; therefore calls for a joint effort to bring down remaining trade barriers as appropriate;

21. is convinced that the Union for the Mediterranean (UfM) could play an important role in addressing the issue of migration and its implications if it were to be invested with the necessary political will and resources by all parties concerned; underlines in this regard the contribution which the Euro-Mediterranean Regional and Local Assembly (ARLEM) can make by facilitating cooperation and the exchange of know-how between local and regional authorities; suggests that the ARLEM Assembly considers carefully the situation and includes among its priorities the appropriate responses to the unfolding events, and takes the necessary steps within its remit to actively support the democratisation process in the countries concerned;

22. notes that diplomacy at city and regional level can help to promote and consolidate the ongoing democratisation processes, involve the general public and improve relations between people and their governments;

23. calls on the European Commission to ensure that, in its forthcoming policy initiatives ⁽³⁾, the groundwork is laid for the development of comprehensive responses including sensitivity to the role and contribution of local and regional authorities and that further synergies between the policies on immigration and asylum, external action and development are developed in close interaction with the local and regional level;

24. instructs the CoR President to submit the present resolution to the President of the European Council, the European Parliament, the European Commission, the Hungarian Presidency of the Council of the EU, the European External Action Service, the UN High Commissioner for Refugees; the European Economic and Social Committee, the UfM's co-presidency and secretariat, the UfM parliamentary assembly and the ARLEM.

Brussels, 12 May 2011.

*The President
of the Committee of the Regions*
Mercedes BRESSO

⁽³⁾ Such as the European Neighbourhood Policy review, the annual report on migration and asylum, the Communication on enhanced intra-EU solidarity, the Communication for Migration and Mobility for Development as well as the Global Approach to Migration.

OPINIONS

COMMITTEE OF THE REGIONS

90TH PLENARY SESSION HELD ON 11 AND 12 MAY 2011

**Opinion of the Committee of the Regions on the 'Modernisation of EU public procurement policy:
Towards a more efficient European procurement market'**

(2011/C 192/02)

THE COMMITTEE OF THE REGIONS

- The Committee welcomes the Commission's view of SMEs as the backbone of the EU economy and believes that ready access for SMEs to procurement procedures is critically important to maintaining employment. It is therefore important that the obstacles faced by SMEs in bidding for contracts be removed as far as possible.
- The Committee would like the Commission to promote the option at national level for bidders to apply for a 'procurement passport' (preferably in the form of an electronic registration system), whose content and use would be standardised. Such a passport would demonstrate that an operator has the declarations and documentation that are often requested by contracting authorities during procurement. The fact that they only have to apply once for the passport means that operators do not have to keep presenting the same declarations and documents. This saves considerable time and resources when an operator frequently takes part in procurement procedures.
- The Committee attaches great importance to the possibility of realising through public procurement objectives relating to innovation, social inclusion, sustainability and the environment. Achievement of these objectives is constrained by the criterion that requirements and requests addressed to tenderers must be relevant to the subject matter of the call for tender. Relevance to the subject matter of the call for tender should therefore not be required.

Rapporteur	Henk KOOL (NL/PES), Member of the Executive Council of the city of The Hague
Reference document	Green Paper from the Commission on the modernisation of EU public procurement policy: towards a more efficient European Procurement Market COM(2011) 15 final

I. COMMENTS ON THE PROPOSAL

1. The Committee welcomes the publication of the European Commission's Green Paper on the modernisation of EU public procurement policy: towards a more efficient European Procurement Market, which takes on board the views of local and regional authorities and other contracting authorities with regard to cost-saving, modernisation, and clarification and simplification of the public procurement directives.

2. The Committee believes that Directive 2004/18/EC (hereinafter 'the Directive') is too detailed in certain areas and recommends that the Commission simplify this Directive as far as possible.

3. On the other hand, it also recommends that the Directive be clarified where necessary. Key aspects of the Directive have been interpreted by the Court of Justice of the European Union. The Committee believes it would be very useful to codify key elements of case-law, without further tightening them up, and insists that there should be no mandatory procurement or transparency obligation for B-services, subsidies, land transactions and contracts below the thresholds if there is no cross-border relevance.

4. The Committee believes it is important to promote professionalism among both contracting authorities and market operators in order to optimise the functioning of the internal market. It recommends that the Commission set up (or have set up) national knowledge centres and an overarching European knowledge centre. These centres should be set up under the already existing national frameworks. Such centres could also help contracting authorities to flesh out the objectives relating to innovation, social procurement, sustainability and the environment. The use of these centres should not be mandatory. Local authorities need to be free to choose in this matter.

II. RECOMMENDATIONS

Small and medium-sized enterprises (SMEs)

5. The Committee welcomes the Commission's view of SMEs as the backbone of the EU economy and believes that ready access for SMEs to procurement procedures is critically

important to maintaining employment. It is therefore important that the obstacles faced by SMEs in bidding for contracts be removed as far as possible.

6. The costs for companies of taking part in public procurement procedures must be minimised. The Committee therefore endorses the Commission's proposal to make do where feasible with self-declarations and to only request original documents from the short-listed candidates or the successful tenderer.

7. The Committee would like the Commission to promote the option at national level for bidders to apply for a 'procurement passport' (preferably in the form of an electronic registration system), whose content and use would be standardised. Such a passport would demonstrate that an operator has the declarations and documentation that are often requested by contracting authorities during procurement. The fact that they only have to apply once for the passport means that operators do not have to keep presenting the same declarations and documents. This saves considerable time and resources when an operator frequently takes part in procurement procedures. Such a procurement passport would be valid for a given period - since the relevant certificates have limited validity - enhancing its credibility. Such a system already exists in some places at local level, and experience with it has been positive. In view of the nature of the procurement passport, it must not entail high costs.

8. It is not a good idea for contracts to be grouped unnecessarily between contracting authorities, or for contracts of a different nature to be grouped, since larger contracts could carry more onerous criteria. The Committee consequently suggests that the European Commission increases the awareness of this problem for SMEs and the importance of lots be emphasised in the explanatory memorandum or an appropriate policy document.

9. Increased scope for using the negotiating procedure benefits SMEs. This procedure provides both contracting authorities and bidders with a degree of flexibility. The focus of SMEs is, after all, on knowledge of their product or service and not on the tender process. The Committee calls on the Commission to allow the negotiating procedure to be used as a standard procedure. This should be regulated in the same way as in Directive 2004/17/EC (Utilities Directive), in which the contracting authorities choose the form of procurement that, in their opinion, is the most appropriate for the procurement procedure in question. The Committee recommends that all parallel procedures are simplified.

10. The current restricted procedure can be unfavourable for SMEs. During the first phase (or selection phase) of a restricted procedure it is only possible at the moment to set out requirements or requests relevant to the operator. Selection requests generally consist of an enquiry about an operator's track record and experience in project delivery. Larger operators have usually carried out more projects than SMEs, which means that they cite more relevant reference projects and so have a greater chance of winning the bid. The Committee therefore recommends also allowing assessment of (certain) award criteria during the first round of the restricted procedure.

Flexibility

11. The Committee would like more flexibility to be permitted in procurement procedures.

12. Public procurement law is complex and tenderers have limited possibilities for rectifying omissions in their bids. This is partly a result of (national) case law and decisions made by the contracting authority in the relevant tender documents. The Committee would therefore recommend that the directive or the explanatory memorandum elaborate on what omissions may be rectified by bidders and what additions or adjustments are allowed.

13. A contracting authority may need to amend or adapt its contract during the procurement procedure in response to questions from bidders. At the moment, a substantial amendment to the contract entails stopping and then re-launching the procurement process. The Committee recommends that a simple mechanism be introduced for contracting authorities to change their contract, such as an official corrigendum with a short extension of the deadline for submission of tenders.

14. During execution of the contract it may transpire that the contracting authority has overlooked a point that it would like to amend, but that cannot be considered unforeseeable and necessary. The Committee thinks it would make sense to relax the existing provision about adjustments. One possibility could be to allow additional work representing a given percentage of the contract to be assigned to the original contractor as an adjustment, without the need for compliance with Article 31 of the Directive.

15. The Committee urges the Commission to include much more flexible provisions for framework agreements in the new Directive. Framework agreements should be regulated in the same way as in the Utilities Directive. Contract terms, and the provision that two suppliers are required in a framework agreement only in exceptional cases, are unnecessary regulations and should be deleted.

Encouraging innovation, social procurement, sustainability and environmental protection through public procurement

16. The Committee welcomes the Commission's concern in the Green Paper to realise objectives relating to environmental

protection, promoting social inclusion, improving accessibility criteria for people with disabilities and strengthening innovation.

17. The Committee stresses that the success of the EU 2020 Strategy depends crucially on how well the local and regional level manages to implement the new innovative solutions set as goals in the flagship initiatives. New innovative practices do not come about by themselves. The modernisation of EU procurement rules must increase the strategic agility and activities of municipalities and other public operators as creators of new solutions.

18. The Committee stresses that the modernisation of procurement rules must enhance the role of the public sector in promoting innovations. Conditions must be created that also allow for big development projects amounting to several million euros which address complex social challenges and which take the form of risk-taking consortia. It must be possible for a municipality or some other public operator, at its own expense, to create such groupings pooling the necessary competences from companies and other organisations. Normal competitive tendering is difficult and even impossible. Notwithstanding tendering rules, when something entirely new is created it must be possible to bring together, through negotiation, different competences and, in particular, to open the door to participation by small companies.

19. The Committee attaches great importance to the possibility of realising through public procurement objectives relating to innovation, social inclusion, sustainability and the environment. Achievement of these objectives is constrained by the criterion that requirements and requests addressed to tenderers must be relevant to the subject matter of the call for tender. Relevance to the subject matter of the call for tender should therefore not be required. Contracting authorities could then decide themselves whether to drop the link with the subject matter for these factors and what criteria they apply, since circumstances vary widely between Member States. The Committee recommends that this approach be adopted in the new directive.

20. Agrees with the European Commission that public authorities can make an important contribution to the achievement of the Europe2020 strategic goals, by using their purchasing power to procure good and services with higher 'societal value', for example in terms of fostering innovation, or respecting the environment and fighting climate change, or reducing energy consumption, or improving employment, public health and social conditions, or promoting equality while improving inclusion of disadvantaged groups. A balance has to be struck between the above goals, objectivity and non discrimination, aiming at fair competition, enabling fair access for SMEs. In addition, local and regional authorities must be able to apply higher criteria than EU minimum rules, without jeopardising free competition. It calls nevertheless on the Commission to grant a certain amount of latitude to

contracting authorities in the new public procurement Directive. This could be achieved by on the one hand, requiring public authorities to promote certain services of 'societal value' in their public procurement, but on the other hand giving them the latitude to choose one or more from a list of options.

21. The Committee proposes to the Commission to increase awareness and to develop new ways to promote recruitment of long-term unemployed people, disabled people and trainees at EU level. Thus contracting authorities can include, if they so wish, an award criterion or specification in their call for tender to the effect that the operator who wins the contract should earmark a given percentage of the value of the contract for recruitment of these target groups, when the contract is executed or elsewhere in their undertaking. Such requirements must remain voluntary at EU level and local and regional authorities must maintain maximum flexibility to specify the different policy goals they wish to achieve in a procurement, whilst focusing on achieving best value.

22. The Committee considers the criterion of the most economically advantageous tender to be a very effective instrument for meeting objectives relating to innovation, social procurement, sustainability and the environment. In response to the Commission's question, the Committee does not think that the 'lowest price' criterion should be eliminated for certain categories. The above-mentioned objectives can also be relevant to the 'lowest price' criterion, for instance in the form of minimum requirements. Contracting authorities must be able to make a choice here, depending on the contract. In addition, they must often include a cost-cutting target, which has to be taken into account when deciding on the award criterion.

23. It is not always possible for contracting authorities to verify compliance with requirements over the supply chain. For instance, it is difficult to check whether a production process taking place in a non-EU country involves child labour. The Committee urges the Commission to pay attention to this issue.

New procedures

24. The Committee recommends that a number of new procedures be included in the new directive, namely a 'marketplace' for A-services, a public choice model and a procedure for tenders characterised by price volatility.

25. Marketplace for A-services. In some Member States, the system for B-services currently works as follows: no general framework agreement is concluded, but each individual call for tender is published in a (digital) 'marketplace'. Thus there are a large number of separate calls for tender in this

marketplace, and interested parties can respond to a given tender. Bids are ranked for each tender on the basis of the price quoted. The bids of the five lowest-cost tenderers are considered and assessed on quality criteria. The contract is awarded to the tenderer submitting the most economically advantageous bid among these five. The advantage of such a marketplace is that it improves the chances of candidates who are self-employed without employees. It is proposed that such a system also be developed for A-services.

26. Public choice model. The public choice model is a procedure that offers a solution for tenders where it is important for a citizen to be able to choose a specific operator. This is the case, for instance, with tenders for personal services. Under this system, all bidders that meet the quality requirements and agree to a (maximum) price set by the contracting authority are awarded a framework contract. Citizens then choose which operator they would like to deliver the personal service.

27. Volatile price procedure. Some markets, energy for instance, are characterised by volatile prices. With calls for tender in these markets it is preferable for the deadline for appeals to be as short as possible, since bids are based on the market price for energy on the day the tender is submitted. It is proposed that the new directive should introduce a special appeals deadline for such markets.

Changes in thresholds

28. The Committee welcomes the Commission's review of the thresholds and recommends determining the thresholds at which there is interest from another Member State. This would mean thresholds for supplies and services set at levels which are significantly higher than those currently used. If there is unlikely to be such interest, the contracting authorities can be spared the costs of an EU procurement procedure. In the Committee's view, the need for significantly higher thresholds must be in any re-negotiation of the WTO Agreement on Public Procurement (GPA).

Principle of transparency

29. General: It is not always clear whether a cross-border interest exists. In many cases this requires a market assessment, which entails extra costs for contracting authorities. It would be a good idea to clarify what is meant by 'cross-border' so as to give contracting authorities greater certainty. The Committee therefore recommends that the Commission draw up a list of subject matters or markets for which the cross-border factor is relevant. It should also be established whether the whole Member State is affected or just the cross-border areas.

30. In answer to the Commission's question, the Committee believes that the contracting authorities should not be obliged to draw up tender specifications for high-value contracts in a second language and/or to accept tenders in foreign languages. This would substantially increase the administrative burden and would probably do very little effect to encourage more tenders from abroad.

31. Contracts below the EU thresholds: The Committee believes that no contracts below the EU thresholds should fall into the 'cross-border' category, since current practice has shown that calls for tender above the EU threshold only involve foreign candidates in a very limited number of cases. The Committee suggests that the Commission do an investigation to establish the actual figures. It could be determined on this basis whether it is appropriate at all to classify contracts below the EU thresholds as 'cross-border'.

32. Excluded contracts: It is not clear to what extent the transparency principle is relevant for excluded contracts. With some excluded contracts, for example concession contracts for services, this is more obviously a factor, whereas with others, such as employment contracts and land transactions, the transparency principle should not apply. The Committee asks the Commission to clarify which excluded contracts are subject to the transparency principle.

33. B-services: The Committee recommends that B services entered on the B list after the review of the A- and B-services list should not be subject to the transparency principle, and asks the Commission to provide for this in the new directive.

Reclassification of A and B services

34. The Committee is keen that the current classification of A- and B-service categories should be maintained. The B-list should be retained for subject matters where there is no cross-border competition or which have a personal component that makes EU public procurement undesirable, for example for healthcare and social services. In such cases, it is crucial for the contracting party and the user/patient to have trust in the party responsible for executing the contract. These are often subjective criteria that are not germane to a public procurement procedure. The Committee urges the Commission to move A-services that are not suitable for cross-border trade into the list of B-services. The Committee also calls on the Commission to develop tools that make it easier for local and regional authorities to clarify whether specific contract tasks are covered by the annex for A- or B-services.

35. The Committee urges the Commission to evaluate the CPV reference lists, as these and the associated services raise questions and are difficult to interpret. The Committee calls for a clear explanation or for a guide to the CPV references.

Exclusions

36. The Committee recommends reviewing the provisions on excluded contracts and considering both clarifying and adding to these clauses. It is unclear, for instance, what financial services are excluded under Article 16(d) and when the financial service is an A-service (category 6).

37. The Committee calls for an exclusion in the new directive for contracts between contracting authorities. Given authorities' obligation to handle taxes paid by the general public in a responsible manner, they should be able to draw on each others' expertise and skills, against payment of costs incurred, without a public procurement requirement arising. Such an exclusion would represent a major improvement to the coherence of the EU legal framework and would be the solution to one of the most pressing procurement problems currently facing local and regional authorities.

38. Contracting authorities experience serious problems with procurement of ICT systems. The ICT environment of a contracting authority consists of different interconnected systems. This means that additional works such as extra licences and suitable new modules cannot always be tendered for without serious inconvenience, both technical and cost-related. The Committee therefore recommends that the Commission consider whether the exclusion options here could be broadened and/or a new procedure introduced for ICT systems in the new directive whereby competition is not between producers but between suppliers, with a specific brand being requested.

39. The Committee agrees with the Commission that innovation must be encouraged. Public procurement law means that contracting authorities cannot easily purchase new and innovative products. The Committee suggests that the Commission should investigate the possibilities for an exemption, for example with an exemption which could apply for two years from the date when a recognised patent has been issued for the invention.

Past performance

40. The Committee believes that contracting authorities should have the opportunity to benefit from previous experience with a tenderer in future calls for tender. Negative experiences, where the end result was unsatisfactory, should also be included. At the moment, a party that is (intentionally) non-performing can in principle take part later in a new procedure that in certain cases only has to be organised because the incumbent has dropped out. This can often be undesirable because of its disruptive impact on relations, trust and services delivered. The Committee would advocate a system that allows experience with a given operator to be taken into account. Obviously there must be a means of safeguarding objectivity. This can be done using an official evaluation report for previous contracts and introducing a time limit for exclusion.

Definition of mandatory public procurement

41. The Committee urges that the scope of the new directive be limited to contracting authorities' own purchasing activities. This position is supported by the case law of the EU Court of Justice, which has ruled that the scope of the Directive is determined by the presence of immediate economic benefit. General agreements, for instance on local development and granting of subsidies, should fall outside this definition. Simply setting requirements, for example for a works contract, does not create any purchase or public procurement obligation. When exercising their public duties, contracting services must be free to include requirements so as to provide guidance. The Committee calls for the definition of mandatory public procurement to be clarified through codification of the case law in this area.

42. Contracting authorities have problems with the definition of public works contracts. The Committee believes that

questions are raised by the criterion 'the realisation, by whatever means, of a work corresponding to the requirements specified by the contracting authority', and calls for this definition to be adapted and simplified.

Bodies governed by public law

43. The Committee asks for the position of small bodies under public law to be given consideration. Mandatory procurement is disproportionately burdensome for these small bodies.

44. The definition of a body governed by public law must be amended. It is onerous for operators to establish whether they are dealing with a body governed by public law, since the definition comprises financial and surveillance criteria that cannot be verified by an outside body. Moreover, the EU Court of Justice has interpreted the criteria for bodies governed by public law. The Committee recommends that the Commission frame a new definition of the concept.

Brussels, 11 May 2011.

*The President
of the Committee of the Regions*
Mercedes BRESSO

Opinion of the Committee of the Regions on ‘EU development policy in support of inclusive growth and sustainable development — Increasing the impact of EU development policy’

(2011/C 192/03)

THE COMMITTEE OF THE REGIONS

- shares the Commission's view that, despite the progress that has been made in some social spheres, much remains to be done to make a reality of the development proposals to which the international community committed itself over a decade ago, in the form of the Millennium Declaration;
- considers that closer attention should be paid to factors relating to the resources available for financing development, upholding aid commitments, supporting developing countries' mobilisation of domestic resources, strengthening their tax systems, combating corruption, taking forward the fight against tax evasion, capital flight and illegal financial flows, whilst also supporting the search for new financing sources;
- is disappointed that although the European Commission recognises the crucial role of local and regional authorities (LRAs) in the context of development aid and cooperation programmes, the Green Paper does not mention the increasingly prominent role played by LRAs in an EU cooperation policy that aims to be effective and have the support of society as a whole. Therefore calls for a more centralised approach to the role of LRAs in promoting development with a broad social basis, in establishing effective governance institutions in developing countries and in setting up an environmentally-sustainable energy model;
- considers that the review of EU development policy and the European consensus should follow the lines already set out in the Communication on *Local authorities: actors for development*, which emphasises the place, role and added value of these authorities in these areas and policies; in this connection, and in order to promote exchange and provide a platform for LRA political expression in the area of development cooperation, the CoR will continue working closely with the European Commission to organise the annual conference on decentralised cooperation.

Rapporteur	Jesús GAMALLO ALLER (ES/EPP), Director-General for External Relations and Relations with the European Union, Regional Government of Galicia
Reference document	Green Paper on EU development policy in support of inclusive growth and sustainable development – Increasing the impact of EU development policy COM(2010) 629 final

I. POLICY RECOMMENDATIONS

THE COMMITTEE OF THE REGIONS

General comments

1. shares the Commission's view that, despite the progress that has been made in some social spheres, much remains to be done to make a reality of the development proposals to which the international community committed itself over a decade ago, in the form of the Millennium Declaration;

2. agrees with the Commission on the need to improve the impact and added value of EU development policy, in order to make the Millennium Development Goals a reality, and considers that this task is all the more necessary given the severe economic crisis currently affecting many donors;

3. regrets that the Green Paper does not give more detailed consideration to the criteria for identifying the added value of EU cooperation measures, or to the need for tougher impact assessments of measures that are carried out and that it proposes no action for building on the Paris Agenda, the Accra Agenda for Action or the commitments stemming from the European Consensus on Development and the EU Code of Conduct;

4. considers that closer attention should be paid to factors relating to the resources available for financing development, upholding aid commitments, supporting developing countries' mobilisation of domestic resources, strengthening their tax systems, combating corruption, taking forward the fight against tax evasion, capital flight and illegal financial flows, whilst also supporting the search for new financing sources;

5. states its conviction that targeted aid that is systematically followed up and assessed actually represents a valuable investment by donors. An investment in freedom and justice, in that it helps to shape societies with a larger measure of justice and a more solid grounding in the recognition of human rights; an investment in opportunities for progress and wellbeing, because in an interdependent world, the development of some is a source of stability and dynamism for others; it is also an investment in security, because it decreases tensions and makes the international system more governable;

6. reiterates its conviction that international aid is just one factor amongst the whole range of factors that can promote development processes in the poorest countries, which means that coherence between the policies implemented by donor countries must be improved and that the rules governing international trade and rich countries' agricultural subsidies should be designed in such a way that they share out as fairly as possible the opportunities for progress offered by globalisation. Is nevertheless disappointed that these aspects are not given due consideration in the Green Paper, despite having been addressed at meetings of international leaders at the United Nations and the G-20 Summit;

7. is disappointed that although the European Commission recognises the crucial role of local and regional authorities (LRAs) in the context of development aid and cooperation programmes, the Green Paper does not mention the increasingly prominent role played by LRAs in an EU cooperation policy that aims to be effective and have the support of society as a whole. Therefore calls for a more centralised approach to the role of LRAs in promoting development with a broad social basis, in establishing effective governance institutions in developing countries and in setting up an environmentally-sustainable energy model;

8. considers that the review of EU development policy and the European consensus should follow the lines already set out in the Communication on *Local authorities: actors for development*, which emphasises the place, role and added value of these authorities in these areas and policies; in this connection, and in order to promote exchange and provide a platform for LRA political expression in the area of development cooperation, the CoR will continue working closely with the European Commission to organise the annual conference on decentralised cooperation;

9. recalls the Opinion of the Committee of the Regions (CdR 116/2010) on the Spring Package: EU action plan for achieving the Millennium Development Goals, which 'proposes that the possibility be considered that each of Europe's 100 000 local authorities might decide, in accordance with their national legislation, to voluntarily allocate at least one euro per inhabitant to development aid. LRAs which are not directly involved in decentralised cooperation could pay their contributions into a local authority development aid fund, as is currently done in Spain. Initiatives which contribute indirectly to development (for example, measures to raise public awareness of global poverty) could also be promoted in this context';

Heightening the impact of development policies

10. agrees with the Commission that it would be appropriate for aid to 'focus on areas where a clear added value can be shown'. Nevertheless, considers that no criteria or indicators are offered demonstrating unequivocally whether the EU's capacity to provide added value in its cooperation policy is improving;

11. agrees with the Commission's recommendation to insist on and improve procedures for assessing the impact of EU cooperation and suggests that there is a broad area in which the EU can incorporate tougher and innovative impact assessment procedures, such as those based on the application of random techniques (randomised evaluation), which the EU has hardly used to date. The same should be done in the area of decentralised cooperation;

12. the Commission is right to prioritise the aim of 'growth for human development' for at least two reasons: i) firstly, because this rectifies the bias which has dominated aid in recent years, when the emphasis has been on the social aspects of development, which are hard to sustain without inclusive economic progress and ii) secondly, because the crisis is affecting the capacity for growth, poverty reduction and job creation in the economies of many developing countries;

13. points out, however, that growth and development are not synonymous and that development also means expanding production capacity, promoting social achievements and redistributing wealth in the local area, by means of sustainable local and regional development, covering the entire region and accessible to the most disadvantaged social groups;

14. recalls that for this local and regional development to be viable, the contribution of local and regional authorities (LRAs), which have proven to be key players in ensuring local and sustainable growth, is crucial;

15. endorses the Commission's view that one of the central tasks of any development strategy is to strengthen partner countries' institutions and boost their levels of efficiency and legitimacy, improving the governance conditions for the process of economic and social change;

16. urges the Commission, however, to give closer consideration to the detrimental effect of dependency on aid in terms of reducing institutional quality and to attach greater importance to tasks enhancing decisive anti-corruption measures and the fiscal capacities of the developing countries in order not just to improve the quality of their institutions, but also to reduce their dependency on aid and increase their ability to make use of domestic resources;

17. emphasises, furthermore, that decentralisation processes have a key role in achieving more legitimate and effective institutions, as a means of bringing the government closer to the people and anchoring democratic values in society. When

promoting these processes, a central role should be given to regional and local authorities, an aspect that the Green Paper overlooks, however;

18. agrees with the Commission that a degree of security is necessary for development. This obliges donors to see existing relations between security and development agendas as being connected and to boost institution-building, human rights and social cohesion in countries with fragile States, establishing early warning and preventive diplomacy mechanisms. Nevertheless calls on the Commission to further clarify the distribution of powers in these fields of the EU departments responsible for cooperation and those responsible for external action;

19. concurs that the Commission, if it wishes to make aid more effective, must carry out 'more systematic and effective' coordination between European donors and endorses the Commission proposal to be presented to the Council in 2011 on the synchronisation of national programming cycles. Recalls, furthermore, that improving aid coordination is one of the principles laid down in the Paris Agenda on aid effectiveness, forms part of the European Consensus on Development and is a long-standing founding principle of the EU (the Treaty establishing the European Community, the Maastricht Treaty on European Union and the Lisbon Treaty);

20. regrets, however, that the Green Paper makes no mention of another issue complementing that of coordination and which has enormous potential: the need for progress on the division of labour among European donors. The division of labour should also be viewed not only in terms of national donors but also between these and sub-national (regional and local) donors, given the important role that these have in different EU cooperation systems. Therefore calls on the Commission to set up reference points for local and regional authorities in the European External Action Service and in the DEVCO Directorate-General, both in the EU and in partner countries. In addition, considers that it is essential to establish a specific funding line that is available to EU local and regional authorities;

21. considers that in order to make progress on the appropriate division of labour, it would be desirable if the Green Paper could support the inclusion in EU aid policy of an approach based not only on objectives but also on stakeholders and on the distribution of responsibilities between them. This is an approach that would value the contribution of local and regional bodies to enriching cooperation policy and making it more effective;

22. points out that aid is only one component of donors' public policy, with effects on the partner States' opportunities for development. Improving the degree of coherence among public policies is therefore a key aim of the EU's development policy. It is also a long-standing principle in the EU (the Treaty

establishing the European Community, the Maastricht Treaty on European Union and the Lisbon Treaty). The Commission's reports on the annual assessment of the progress made by Member States (and by the Commission itself) on basic sectoral aspects regarding the coherence of policies are a valuable instrument for promoting progress and reporting accounts in this area. The CoR points to the importance of continuing reform of the common agricultural policy in this context to ensure that it does not undermine the objectives of EU development policy;

23. wishes to stress that relations established between Europe's local authorities and their counterparts in the beneficiary countries allow tangible progress to be made on the implementation of the principle of ownership, which lies at the heart of the Paris declaration and should not remain merely an issue for the Member States;

24. reiterates the need for compliance with the basic rules of the EU's trade agreements, not exempting requirements concerning the rules of origin of products from partner countries, despite the fact that this could be included in association agreements. The potential damage to the smooth operation of the internal market associated with these exemptions from legislation and any possible gains for the sustainable development of these countries must be weighed against the boost for exclusively local production;

25. agrees with the Commission that budgetary support is not a panacea and that it should therefore only be applied following a detailed analysis of the country's conditions. Nevertheless wishes to point out that budgetary support is a means of providing aid which promotes coordination among donors and involvement by partner countries. These two objectives should support use of this formula, provided that the appropriate conditions for it are met;

26. repeats its desire to promote cooperation between the Committee of the Regions and the European Commission on decentralised development cooperation policy; also underlines the need to continue working to ensure that Member States and all EU local and regional authorities use the decentralised cooperation atlas that brings together the activities in this field that are funded by EU LRAs; similarly, highlights the usefulness of the Internet portal for decentralised development cooperation that will facilitate networking between partners in this area, help to ensure aid is more effective and avoid duplication;

27. considers that the EU should take more account, not only of the economic contribution made by LRAs, but also of their added value in certain specialised fields. Their experience and expertise in sectors that provide solutions suited to the needs of partner countries provide these regions with added value for cooperation in areas such as administrative capacity building, spatial planning, education, civil protection, food

security through farming and fishing, renewable energy, water, the environment, maritime sciences and R&D applied to development. This is particularly true of the outermost regions, as active borders and platforms of the EU in the world, which can boost the effectiveness of EU development policy;

Development policy as a catalyst for inclusive and sustainable growth

28. agrees with the proposal to ensure that aid promotes inclusive and sustainable growth in the partner countries. Is disappointed, however, that the Green Paper makes no mention of two key aspects of achieving this goal. The first is the need to promote an appropriate redistribution of the income resulting from progress, distributing it in such a way as to create the equity considered desirable from a social point of view. A degree of equity is needed in order to ensure stability, to consolidate institutions and to promote growth with a broad social base. The second aspect relates to the need to strengthen countries' taxation capacities and to combat fraud, capital flight and illegal financial flows, which drain the developing countries' scant domestic resources, hampering their opportunities for progress;

29. draws attention, however, to the fact that development is more than simply growth: it involves social achievements, institution-building and changes in countries' social and production models. The aim should therefore be to promote an inclusive and sustainable form of growth that boosts a process of development rooted in the local surroundings;

30. emphasises the importance of equal opportunities in achieving sustainable growth in our partner countries; as well as being a basic human rights issue, reforms to allow women and girls to reach their full potential in society – free of discrimination or the threat of violence – offer the most effective way for our partners to develop their economies;

31. considers that creating solid and legitimate institutions requires attaching greater importance to the distribution-related aspects, concerning the share of the benefits of growth, the opportunities and the voice in countries, at the same time moving forward in the decentralisation processes that bring the institutions closer to the people; therefore believes that the management capacity of local and regional authorities in partner countries needs to be strengthened, drawing on programmes such as TAIEX or Erasmus, which would help improve the use of cooperation funds; furthermore, calls on the Commission to set up sectoral budget support programmes to facilitate access to resources for local and regional authorities in developing countries;

32. recognises that sound education policy is a key aspect of development, and urges the EU to include the promotion of education in these countries among its cooperation policy goals;

33. recalls that, for this aim to be achieved, decentralisation processes in the partner countries should be promoted and supported, wherever appropriate, seeking to apply the subsidiarity principle to the distribution of competences. Decentralisation is an effective way to democratise States and provide them with a more solid basis reflecting social reality and a requirement to ensure that the development process reaches the entire region and all parts of society;

Sustainable development

34. agrees with the importance attached by the Green Paper to the need for any valid development strategy to combat climate change and support biodiversity. Furthermore, wishes to point out that climate change and the other environmental challenges provide an opportunity for some developing countries to make progress on the basis of their own natural and environmental resources. The commitment given by the EU in Copenhagen and confirmed in Cancún demonstrates the importance attached to this aspect of development processes and the need to support partner countries' efforts to adapt to and mitigate the environmental situation;

35. regrets that, in this regard, the Green Paper does not provide a more detailed view of the role of sub-national authorities (regional and local) in the creation of a solid environmental strategy. These authorities are key to implementing sustainable strategies for water and waste management, energy supply and the protection of fragile environments;

36. agrees that a key element of any environmentally-sustainable development strategy is the energy model adopted by the country in question. This suggests the need to promote a more intensive use of renewable energies. The EU's experience in this area can be of use to developing countries. Furthermore, certain developing countries offer the specific conditions needed to develop these kinds of energy;

37. advocates an international Covenant of Mayors and Regions aimed at providing energy for everyone under the joint programmes and with an appropriate and specific financial instrument;

38. urges that this objective of changing the energy model (in favour of renewable sources) go hand in hand with another objective, which is to improve the country's energy infrastructure and to create the proper conditions enabling the most vulnerable communities to access energy;

Agriculture and Food Security

39. agrees with the Commission that rural development and food safety are fundamental aspects of the development process, as they concern a sector that is of key importance to the processes of growth and economic recovery in the poorest countries, allows for the exercise of a basic right, related to adequate food, which affects other individual rights (such as health, education and labour) and influences the degree of a country's independence in international fora;

40. notes that the current crisis has led to an abnormal increase in the price of raw materials, including those used for food, which is having a drastic effect on conditions of supply to the poorest countries, especially in sub-Saharan Africa, many of which are net importers of food products. Emphasises that, as a consequence, severe backsliding may occur in the social progress that has previously been made;

41. considers this situation to be a consequence of four factors: i) the increased demand from large countries experiencing rapid growth, boosting the mass international purchase of this type of product; ii) the insufficient involvement of rich countries and insufficient public investment in developing countries in previous years as regards the investment required for rural development; iii) the behaviour of speculators, who see these products as a source of profit in the form of a deposit of assets; and iv) the effects of environmental damage on the productivity of soil and farming;

42. calls for EU cooperation policy not to repeat past mistakes and requests that greater priority be attached to rural development and food security in the partner countries when drawing up international aid strategies. Wishes to emphasise, in this regard, that the EU has long experience in the field of rural development and promoting food security, experience that could be placed at the service of developing countries;

43. calls for account to be taken here too of the regions' capacities and experience. Regional and local authorities have experience in designing basic infrastructure for the distribution of food products, in studying soil productivity and managing crops in harmony with local conditions, in caring for fragile local ecosystems and in drawing up plans that guarantee supply. These stakeholders must therefore be involved, with the according leading role, in the EU's cooperation policy.

Brussels, 11 May 2011.

*The President
of the Committee of the Regions*
Mercedes BRESSO

Opinion of the Committee of the Regions on 'Towards a stronger European disaster response'

(2011/C 192/04)

THE COMMITTEE OF THE REGIONS

- underlines the importance of local and regional authorities in civil protection matters. These authorities are often at the forefront of efforts to deal with natural and man-made disasters and must therefore, as a matter of urgency, be involved in developments in this area, especially given that in a large number of Member States' legislative powers are organised on a local or regional basis;
- underscores the importance of the EU's commitment to supporting the measures taken by Member States. The damage caused by previous natural and man-made disasters shows there is still some need for improvement in Member States; there is also room for further improvement in transnational and interregional cooperation. It is here that the EU can make a valuable contribution to even more effective and efficient cooperation, above all by improving coordination;
- points out, however, that civil protection is essentially a task for Member States and their regional and local bodies, whose authority should not be infringed upon;
- emphasises that the TFEU states a supporting, coordinating and supplementary role in the area of disaster response. Therefore, the civil protection mechanism monitoring centres (MIC) have a coordinating role, whereas the EU neither has the competences concerning the establishment of own units, nor taking over the leadership of units and other resources provided by Member States. All planning and measures must be adjusted and carried out in accordance with the requirements, enabling Member States to implement the subsidiarity principle;
- adheres to the principles of solidarity, cooperation, coordination and support among the EU's Member States, regions and local authorities in the area of civil protection and agrees with the Commission's view that there is a need for even more consistency and efficiency and a higher profile if the goal of a more integrated EU disaster-response capacity is to be achieved

Rapporteur	Mr Norbert KARTMANN (DE/EPP), Member of the Hesse <i>Landtag</i>
Reference document	Communication from the Commission to the European Parliament and the Council entitled 'Towards a stronger European disaster response: the role of civil protection and humanitarian assistance' COM(2010) 600 final.

I. POLICY RECOMMENDATIONS

THE COMMITTEE OF THE REGIONS

General considerations

1. welcomes the Commission's plan to make the disaster response policy more consistent and develop a balanced Community concept of civil protection for the EU, as already called for by the CoR ⁽¹⁾;

2. underlines the importance of local and regional authorities in civil protection matters. These authorities are often at the forefront of efforts to deal with natural and man-made disasters and must therefore, as a matter of urgency, be involved in developments in this area, especially given that in a large number of Member States' legislative powers are organised on a local or regional basis;

3. reaffirms, especially in the light of the disaster in Japan, the importance of an effective support system with short response times for the protection of the population, which can only be guaranteed at regional and local level; stresses the call set out in the resolution of the Committee of the Regions on: 'The consequences of the natural disaster in Japan: lessons for the European Union' (CdR 123/2011) for a debate on key security issues in the light of the findings from Japan and the need to take into account the latest research in the field; calls on the Member States and regions to examine their existing plans for disaster prevention on the basis of these findings and revise them where necessary;

4. welcomes the clarification from the Commission that Europe's disaster response capacity should be strengthened on the basis of the units and forces made available by Member States. The CoR supports the Commission's strategy to build on existing structures to pool resources even more effectively and to coordinate their use, without creating any additional administrative burden in the process. Better coordination may achieve even more effective outcomes for people afflicted by disasters;

5. adheres to the principles of solidarity, subsidiarity and prevention in civil protection activities;

6. underscores the importance of the EU's commitment to supporting the measures taken by Member States. The damage caused by previous natural and man-made disasters shows there is still some need for improvement in Member States; there is also room for further improvement in transnational and inter-regional cooperation. It is here that the EU can make a valuable contribution to even more effective and efficient cooperation, above all by improving coordination;

7. stresses the significance of this issue in the light of climate change: the frequency and severity of natural disasters are alarming; floods, droughts and forest fires, as well as damage caused by cold and snow, in particular pose a growing danger;

8. similarly, stresses the importance of this issue in the context of other natural disasters such as volcanic eruptions and earthquakes which, as shown by the statistics, affect and will continue to affect southern Europe and Turkey and even central Europe at varying intervals;

9. points out that the Treaty of Lisbon has introduced a solidarity clause (Article 222 TFEU), which stipulates that the EU and its Member States help each other in the event of natural or man-made disasters on the territory of the EU. Furthermore, the Committee of the Regions welcomes the strengthening of the coordinating role of the EU according to the subsidiarity principle and the promotion of the cooperation and mutual assistance among Member States under Article 6(2)(f) cf. Article 2(5) TFEU and 196 TFEU;

Evaluating shortcomings

10. explains that the starting point for further measures to improve disaster response and crisis reaction capacity is a structured analysis of both the status quo and any shortcomings, so that possible tailor-made solutions can be developed;

11. emphasises that identifying and compiling an inventory of available resources in Member States is important in this connection. In addition to measures to enhance coordination and availability, steps should be taken to check where there are gaps in resources and where Member States have a concrete need for EU support to improve their provisions. Implementing measures should be based on substantiated evaluation results;

⁽¹⁾ CdR 139/2009 fin.

Modules for a European disaster response

12. supports the Commission's efforts to develop advance planning systems in addition to the current concept of 'ad hoc' assistance to Member States;

13. shares the Commission's view that developing reference scenarios, identifying and compiling an inventory of available national resources on the basis of these scenarios and stepping up exercises are useful measures if we are to be able to use existing resources even more effectively and efficiently for the purpose of civil protection and test or supplement them in good time. Emergency plans for such scenarios might also be a useful tool here;

14. acknowledges the Commission's efforts to further improve the disaster response capacity. This should be achieved by further developing the Community procedure, which has essentially proven to be reliable;

Principles of civil protection: solidarity, subsidiarity and prevention

15. strongly supports the principle of solidarity and mutual assistance in disaster situations, as demonstrated in a large number of transnational and bilateral agreements and actual assistance between regions. The various forms of cooperation among regions across national borders show that regions also make a significant contribution to rapid disaster relief. This successful cooperation also contains the common aim of creating risk maps as well as an assessment of potential threats. Regions have a key role to play here because they are especially affected when it comes to natural disasters and therefore, they have built up civil protection services and gained experiences that can be exported to neighbouring third countries; namely outermost regions have acquired valuable experiences which can be transferred to surrounding regions;

16. stresses Member States' own responsibilities in this area and the regulation of the EU's legal powers under Article 196 TFEU, as recently highlighted by the Council for General Affairs in its conclusions of 14 December 2010 ⁽²⁾;

17. reiterates that support should also be given to those Member States and regions repeatedly afflicted by natural disasters so that they are better equipped to respond to disaster situations swiftly and effectively;

18. is of the opinion that EU support for eliminating any shortcomings in individual areas should be based on enabling Member States themselves to increase and extend disaster prevention capacities in their own countries in accordance with the EU's adopted standards and requirements;

19. emphasises that the TFEU states a supporting, coordinating and supplementary role in the area of disaster response. Therefore, the civil protection mechanism monitoring centres (MIC) have a coordinating role, whereas the EU neither has the competences concerning the establishment of own units, nor taking over the leadership of units and other resources provided by Member States. All planning and measures must be adjusted and carried out in accordance with the requirements, enabling Member States to implement the subsidiarity principle;

20. notes that units and institutions at local and regional level in Member States have a key role to play in the way civil protection is set up. Swift, effective disaster response is most usefully provided by national, regional and local forces. Only by developing a comprehensive network of appropriate precautions can disasters be dealt with quickly and effectively and their impact kept to a minimum. Experience in dealing with current disasters (forest fires and floods) has highlighted the importance of a rapid, firm response for dealing with disasters successfully;

21. continues to believe, moreover, that intensive cooperation between regions and areas exposed to a common threat is essential. As the competent and responsible bodies for effective and efficient civil protection at the scene of any disaster, the regions would in this connection reiterate their special transnational commitment to solidarity. There are currently a number of cross-border agreements and aid arrangements committing regions to mutual assistance and forming the basis for successful cooperation. The regions have already proven in a large number of cases that they are able to put these agreements into practice. The need to create a risk map as well as an assessment of potential threats can be of great value in terms of practical matters;

22. explains that more effective comprehensive civil protection at the scene of a disaster can also be achieved primarily with the help of volunteers. Strengthening voluntary structures therefore constitutes an effective contribution to improving regional disaster response capacities. The CoR calls on the Commission to provide increased support in future to developing and expanding voluntary civil protection structures in those regions where there is a demand. The current European Year of Volunteering should be used to support Member States in their efforts to develop the appropriate structures;

23. acknowledges that, especially in light of the growing threat of natural disasters caused by climate change, the subject of prevention is gaining huge importance. The EU should therefore step up its activities in this area and, in particular, support regions to take the necessary measures to prevent disasters from occurring in the first place or to keep their impact to a minimum. Experience with forest fire disasters in southern European countries has shown how successful preventive measures can be and how important they are;

⁽²⁾ Conclusions of the Council for General Affairs, 3060. Meeting of 14 December 2010.

Principles of humanitarian aid measures

24. on the strength of organisational and legal agreements between regions (parties) advocates the use of synergies arising from the planned measures to strengthen the Monitoring and Information Centre (MIC) as the institution which coordinates civil protection and humanitarian assistance operations. However, steps must be taken to ensure that the legal and structural differences between these two areas are maintained;

25. supports efforts to coordinate humanitarian aid measures more closely with international governmental and non-governmental aid organisations. In stepping up cooperation and through the possibilities to use the IT databases of individual parties (regions), the development of duplicate structures should be avoided. This applies in particular to setting up arrangements for the EU's own relief goods storage. Furthermore, in matters pertaining to aid in kind, synergies should be sought between aid provided by Member States and humanitarian assistance financed by the EU and coordination should be sought with all the other actors, especially the regions, in order to increase the effectiveness of such assistance;

26. recalls that the geostrategic position of some regions, including the outermost regions, makes them key European actors in terms of emergency humanitarian intervention outside the EU, as demonstrated by recent actions such as the intervention in Haiti;

27. believes that a key task is to raise the profile of disaster response and humanitarian assistance work in future. This not only helps to inform Europeans about the EU's response to disasters and strengthen the Community politically as a responsible, reliable international partner, it is also an appropriate way of giving the many helpers, who make such intervention possible in the first place, additional motivation for their efforts. The development of a common communication strategy, supported by IT tools and e-pages (databases of capacities and resources) is an important element for raising the profile of such intervention. This communication strategy should also illustrate the effectiveness of existing mechanisms and aid structures;

28. points to experience with current international disaster relief operations, which have shown that a key factor in effective assistance is rapid, red-tape-free availability of transport capacity. With a view to optimising international relief operations, the CoR therefore particularly welcomes the proposals to increase co-financing of transport costs. Furthermore, there should be an analysis of how the provision and coordination of relevant transport capacity can be improved. Ways must be found here to enable aid providers to deliver aid to afflicted regions quickly with a minimum of red tape, without incurring additional transport costs. The goal must be to ensure that, as far as possible, those already providing the necessary resources incur fewer transport costs;

29. recommends that successful inter-regional cooperation specifically relating to the respective national prevention

measures should continue to be promoted and supported; points out that the INTERREG initiative has proved to be extremely effective in the exchange of tried and tested practices in the prevention of natural disasters in precisely such cross-border contexts. The establishment of the European Grouping of Territorial Cooperation (EGTC) can further improve the implementation of disaster-prevention measures in the areas of shared databases, exercises, risk assessment and early warning systems, as well as technology transfer and exchange of experts;

30. welcomes the Commission's request that available resources should be used as effectively as possible and that there should be no additional financial and bureaucratic burdens. This is particularly important for local and regional authorities which, despite their extensive knowledge about disaster preparedness and response, have to make do with a limited budget. This applies above all to humanitarian relief operations, for which there are no special funds available at local and regional authority level, as these do not fall within these authorities' original remit;

Reinforcing the MIC and the way it operates

31. welcomes the plans to strengthen the MIC as the body that coordinates both disaster relief operations within the Community's territory and humanitarian operations outside the EU, particularly in those countries most vulnerable to disasters and with the lowest so-called 'Human Development Index' of the United Nations. However, it should be borne in mind that there are no plans for the centre also to assume operational responsibilities. Operational responsibility must remain with aid providers, who are best placed to exercise this responsibility;

Concluding remarks

32. adheres to the principles of solidarity, cooperation, coordination and support among the EU's Member States, regions and local authorities in the area of civil protection⁽³⁾ and agrees with the Commission's view that there is a need for even more consistency and efficiency and a higher profile if the goal of a more integrated EU disaster-response capacity is to be achieved;

33. points out, however, that civil protection is essentially a task for Member States and their regional and local bodies, whose authority should not be infringed upon;

34. welcomes therefore, in light of the EU's powers under Article 6(2)(f) cf. Article 2(5) TFEU and Article 196 TFEU, the fact that the Commission has not taken up the request to establish a European civil protection force;

⁽³⁾ See CdR 116/2006 fin.

35. supports the Commission's efforts to develop an overall Community concept in order to regulate disaster preparedness, response and recovery in accordance with the treaties.

Brussels, 11 May 2011.

*The President
of the Committee of the Regions*
Mercedes BRESSO

Opinion of the Committee of the Regions on 'The CAP towards 2020: Meeting the food, natural resources and territorial challenges of the future'

(2011/C 192/05)

THE COMMITTEE OF THE REGIONS

- stresses that direct payments must continue to be the cornerstone for stabilising farmers' incomes in return for the delivery of public goods and as compensation for the EU's higher production standards and always provided that decoupling does not risk the disappearance of production in areas with permanent natural handicaps;
- highlights that CAP and cohesion policy cannot be seen in isolation one from the other. The territorial objectives of these two policies must be more closely dovetailed than hitherto, especially at EU level;
- reiterates its support for the proposal to establish a common strategic framework covering the Structural Funds and other territorial development funds such as the EAFRD and the EFF;
- voices its concern regarding the preliminary guidelines issued by the European Commission on the regulation of the agricultural markets for the period post 2013, and considers that the future of the Common Agricultural Policy is indissolubly linked to the maintenance of public market regulation mechanisms to combat price volatility and guarantee stable prices for both producers and consumers;
- states that the CAP's future has to be seen in relation to the future of European trade policy. If the EU wants to make its contribution to the world's food security, then EU and international trade policy must do what is necessary – within the WTO and elsewhere – to ensure that farming in the EU is able to produce in a fair environment;
- draws attention to devolved responsibility in the shaping of future cohesion and agricultural policy. While not querying the Community approach of these policies or the added value of a common policy, local and regional authorities must be more closely involved than hitherto in shaping the future pillars of future CAP. There is no questioning the need to set up a multi-level governance framework if the CAP's Community approach is to be maintained, local responsibility bolstered and greater public acceptance secured;
- emphasises that common agricultural policy objectives can only be reached if adequate funding– is still forthcoming after 2014.

Rapporteur

Luis DURNWALDER (IT/EPP), Chairman of the Bolzano Autonomous Provincial Executive

Reference document

Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - The CAP towards 2020: meeting the food, natural resources and territorial challenges of the future

COM(2010) 672 final

I. GENERAL COMMENTS

THE COMMITTEE OF THE REGIONS

Notes:

1. Farming is very important for the development of Europe's rural areas as it provides employment for almost 30 million people. These areas account for 90 % of the Union's territory and are home to 60 % of its citizens.

2. Farming ensures EU food supplies and helps to generate economic activity and jobs. It also provides valuable living environments, contributes to regional hydrogeological systems and preserves cultivated landscapes and tradition. Without farming, a multipurpose, sustainable development of Europe's rural areas is inconceivable.

3. This is why the Common Agricultural Policy (CAP) has been one of the European Economic Community's core areas of activity since its inception. The CAP has demonstrated how Community policies can deliver a high degree of added value for European society, whereby the aims of the EU 2020 strategy can be furthered through territorial pacts.

4. One reason why the CAP is – and remains – a success is that it has again and again over the decades coped with, and adapted to, fresh challenges facing Europe and the world.

5. What now makes it necessary to reconfigure the CAP for the period after 2013 are the following factors: the general economic climate, price volatility, the drop in farming incomes, the increasing demand for food and agricultural raw products around the globe, the necessity to make production methods sustainable and more environmentally friendly – especially greater climate protection and protection against the negative effects of climate change in farming – and improved animal welfare and sound consumer protection, in terms of food security and guaranteed supply of agricultural products.

6. Back at its 85th plenary session on 9-10 June 2010, the Committee of the Regions adopted an own-initiative opinion on the future of the CAP after 2013 where the Committee of the Regions expressed the view that the CAP must:

— remain a common policy;

— ensure that Europeans have a secure, independent food supply;

— ensure farm income stability;

— benefit all products, encourage changes in agricultural practices, and promote jobs and sustainable land use;

— favour those production systems that best preserve the environment and natural resources including landscape and bio-diversity;

— take into account natural and geographical handicaps (mountains, islands, sparsely populated areas, outermost regions);

— focus on agriculture and food;

— help bring about progress and simplification in certain implementing and administrative arrangements for the first and second pillars of the CAP, notably by increasing and improving local authority involvement;

— have a budget that is up to the challenges and issues to be addressed.

7. On January 27 2011, the Committee of the Regions adopted the Outlook Opinion on Local Food Systems, underlining the value of a multifaceted European agriculture and the added value of local marketing for environmental, social and economical needs.

8. In pursuance of the CoR's work on the CAP reform, and in response to the communication published in November 2010, the Committee of the Regions notes that the Commission's communication picks up on many of the points raised in the CoR opinion referred to above and stresses that these are valid points and must be taken on board in the reform.

9. In particular, the Committee of the Regions highlights the importance of the CAP – especially the second pillar – for the overall development of rural areas in Europe. The CAP also has many points in common with cohesion policy, which means that these two policy areas – albeit distinct and each essential in its own right – cannot be seen in isolation one from the other. The territorial objectives of these two policies must be more closely dovetailed than hitherto, especially at EU level. The Committee emphasises the need for sufficient resources to be earmarked for axis III of the second pillar in order improve quality of life and to promote diversification of the rural economy.

10. The Committee of the Regions draws attention to devolved responsibility in the shaping of future cohesion and agricultural policy. While not querying the Community approach of these policies or the added value of a common policy, local and regional authorities must be more closely involved than hitherto in shaping the future pillars of future CAP. There is no questioning the need to set up a multi-level (EU Member States, regions and local authorities) governance framework if the CAP's Community approach is to be maintained, local responsibility bolstered and greater public acceptance secured. At the same time, however, this subsidiarity principle must not be allowed to generate redundant tiers of planning and hence intolerable red tape.

Challenges of the CAP

Notes further:

11. The demand for food will rise worldwide. The reason for this is both the anticipated increase in the world population and a rise in purchasing power triggering changes in diet in many emerging countries. The CAP, which has the primary role of feeding the people of Europe and contributing to food balance can and must do its bit to satisfy this growing world demand. Above and beyond this, farming also contributes a great deal to the provision of public goods, which could also mean supplying energy and renewable raw materials – which do not directly compete with food production – and conserving dynamic rural areas.

12. To this extent, the CAP's future has to be seen in relation to the future of European trade policy. If the EU wants to make its contribution to the world's food security, then EU and international trade policy must do what is necessary – within the WTO and elsewhere – to ensure that farming in the EU is able to produce in a fair environment. If farming has to comply with restrictions that are tougher than the international norm and generate extra outlay, these additional costs must be factored into the import rules agreed in international trade agreements.

13. Farming has a very special connection with the environment. Sustainable use of the natural resources is therefore not merely a legitimate concern for society, but also a vital interest of farmers themselves and of crucial importance for maintaining farm production potential. This is why farming should also contribute to taking on the challenges of climate change, loss of soil fertility, water shortage and water pollution, and loss of habitats and biodiversity – and why the CAP must help to provide solutions to these impending problems.

14. The role of farming in combating climate change needs to be clearly spelled out here. Farmers have already made enormous efforts to slash greenhouse gas emissions. In addition to this, however, some very solid work still needs to be done on adjustment strategies, so that farming will continue being able to fulfil the functions already alluded to. However, it also needs to be spelled out that the soil can play a role as a CO₂ sink, at the same time enhancing its productive capacity by increasing its organic matter content and the carbon sink effect of woody crops. Farming is one of the sectors that plays a key part in solving the problem. It plays its part in sustainable energy supply and in establishing the use of less harmful chemicals based on renewable raw materials. Here, the regional and local authorities have a particular role to play in nurturing innovative energy ideas, including ones based on biomass. The most important sustainably produced energy source here is wood. This is why rural development has to involve strengthening both the forestry sector, in those regions where forests play a part in protection measures, in tackling erosion and in improving the potential for tourism, and the use of residues from pruning woody crops.

15. The Committee of the Regions backs the Commission's position of continuing to build agricultural policy on two complementary pillars and maintaining the current orientation of those pillars. Nevertheless, the Committee stresses the need for a clearer distinction between the objectives assigned to each pillar.

16. First-pillar direct payments guarantee farmers' incomes, pay them for delivering public goods which Europe's citizens would be loath to surrender (such as landscape conservation, environmental protection and food safety) and seek to offset the competitive handicap they face vis-à-vis their competitors on the world market as a result of the EU's higher standards, as well as forming a buffer against market volatility.

17. The second pillar promotes rural development. It must thus match the specific needs of the regions, and regions and local authorities must be involved in shaping it, as they share responsibility for designing the second pillar through co-financing.

18. The Committee of the Regions emphasises that common agricultural policy objectives can only be reached if adequate funding— is still forthcoming after 2014.

II. POLICY RECOMMENDATIONS

THE COMMITTEE OF THE REGIONS

Direct payments

19. stresses that direct payments must continue to be the cornerstone for stabilising farmers' incomes in return for the delivery of public goods and as compensation for the EU's higher production standards and always provided that decoupling does not risk the disappearance of production in areas with permanent natural handicaps;

20. supports the call for a more equitable distribution of direct payments in future, as the current direct payments system based on historical production volumes distorts competition within the EU and should be replaced by a system giving equal treatment to all types of farming in the EU;

21. thinks that single payments must continue to be harmonised within Europe in order to avoid market imbalances within the EU. Stresses, however, that both pillars must be taken into account when funds are allocated to the Member States;

22. advocates continuing the decoupled single payments model, and supports the Commission's proposals to phase out as fast as possible the approach of the historical reference period and traditional single payments for particular farms; thus it also champions the transition to regionalised payments;

23. highlights the need, in the course of this gradual transition, to dismantle the unfair distribution of single payments within Member States (the product of the historical distribution), since this is at odds with the spirit of decoupling and has led – and continues to lead – to unacceptable market imbalances within Member States but highlights the need to establish a transition period allowing farms to adjust to the new payments system;

24. supports the Commission's proposal to introduce a ceiling for single payments; stresses that this must make allowance for the different types of farm and farm associations and the contribution a farm makes to providing jobs; as well as of the number of members in the case of legal persons, it must not stand in the way of the structural adjustment of farming in the European Union that the times now require;

25. highlights the Commission's notion that coupled payments must continue to be provided in areas beset by particular difficulties and for types of farming that are particularly important for the sector's viability in these areas. In this connection, the importance should be highlighted of grazing stock for upland areas, Arctic regions, island regions and sparsely populated areas, all production systems that due to climate and difficult terrain require specific assistance and especially for maintaining the dairy economy in these areas once the milk quota system has expired. It is impossible to maintain areas used for farming, especially meadows, pasture in mountain and upland areas and Mediterranean woodland pastures, without a functioning dairy sector. Low-yield olive groves are similarly of vital importance in upland zones and other zones where farming is subject to climate constraints. Moreover it is also important, in order to safeguard European pasture ecosystems and farming in specific regions, to maintain the beef/veal, sheep and goat meat sector. The unique cultivated landscape of these terrains would be lost were these areas to disappear; Stock-rearing also accounts for use of marginal land in peri-urban areas. This is important in terms of safeguarding open spaces (e.g. as flood plains) while still making some economic use of them. Without coupled payments, the viability of the sector would be threatened so that it could no longer fulfil this role;

26. the coupled payments permitted by the WTO must be used in full;

27. endorses the Commission's recommendation to raise single payments in less favoured regions and so compensate their higher production costs and promote farming all over Europe; stresses that a hike of this kind to ensure fair incomes for farmers in all of Europe's regions is both justified and necessary;

28. emphasises that the CAP and farmers should not stand alone in actively tackling the new environmental challenges and even less without any increase in the funds earmarked for this purpose;

29. stresses that the agri-environmental programmes in the second pillar should help attain the goal of more environmentally geared farming. It should be pointed out in this connection that some Member States take up less than 10 % of the total second-pillar budget and so offer farmers virtually nothing in the way of agri-environmental programmes. The Committee proposes, therefore, that all Member States be obliged to use at least 10 % of the total second-pillar budget for agri-environmental programmes and that this be achieved by setting a reduced co-financing rate of at least 10 % for this purpose;

30. believes that organic farming and integrated farming should receive greater support within the Common Agricultural Policy as they are part of a sustainable development policy;

31. thinks there is a pressing need, given the speed at which working farmers in the European Union are ageing, to plan additional measures for young farmers. The support so far offered to young farmers in the second pillar has proved inadequate to stop the average age of working farmers from rising. Today, only 7 % of farmers in the EU are younger than 35, while a third are over 65. The possibility must therefore be explored of increasing direct payments to young farmers in the first pillar in order to give the young an additional incentive to work in farming;

32. points out there is a need for adequate public services for younger generations to start up farms in rural areas. By stimulating them to acquire innovative and environmental friendly production systems and providing new alternative economic opportunities, the rural agricultural capacity can be maintained;

33. backs the Commission's proposal to bring in simpler and specific support rules for small farmers in order to preserve this kind of farming, allowing additional support to be given to them, especially in less favoured areas, and to do away with unnecessary bureaucracy; stresses, in connection with this, that 82 % of Europe's farmers receive less than EUR 5 000, so that cutting unnecessary bureaucracy for small farmers would make a big difference in the bureaucracy faced by farmers and make them better disposed to the CAP;

34. underscores the fact that cross-compliance and the integrated administration and control system have to be simplified in a way that does not compromise the system's functioning. The approaches to take on this are: a) the introduction of key criteria valid throughout the EU for on-the-spot inspection of cross-compliance, and b) a halving of inspection quotas for cross-compliance and the integrated administration and control system, so as to standardise requirements and inspections in the different European regions, if Member States can demonstrate that they have effective systems in place and are applying workable tolerance thresholds;

35. shares the Commission's view that payments must be restricted to working farmers, with the proviso that part-time farmers must not lose out, since these play an important role in keeping farming alive, particularly in less favoured areas; suggests however that the Commission should provide basic definitions on the topics 'working farmer' and 'farmland' that can be further fleshed out at Member State or regional level;

36. takes the view that in those sectors, such as the fruit and vegetable, wine sectors or sugar, that have so far had their own market organisation rules – and hence the system of decoupled single payments has either not been applied or applied only partially – these specific arrangements should remain in place;

Market measures

37. voices its concern regarding the preliminary guidelines issued by the European Commission on the regulation of the agricultural markets for the period post 2013, and considers that the future of the Common Agricultural Policy is indissolubly linked to the maintenance of public market regulation mechanisms to combat price volatility and guarantee stable prices for both producers and consumers;

38. points out that Community preference must continue to be seen as an important principle of the CAP and that it does a great deal to maintain Europe's food sovereignty;

39. takes the view that the remaining market instruments – such as intervention, and private and public storage and export subsidies restricted to sensitive products – have proved indispensable and should therefore remain as a safety net with a corresponding budget heading;

40. points out that decoupling has led to European farming being more market oriented but that this has resulted in extremely volatile prices which could be detrimental to farm sustainability;

41. points out that market instruments must be designed, on the one hand, to ensure that agricultural markets are supplied to cushion farmers from sharp slumps in price (and hence income) and, on the other, to keep the volatility of prices consumers have to pay for food within bounds;

42. believes that these instruments must as a matter of necessity be improved, and that the possibility of extending the list of products for which temporary storage is provided, lengthening intervention periods and implementing measures for the temporary interruption of production should be examined. It is also necessary to take appropriate action to prevent abuses in the trade in agricultural commodities without harming the operation of the markets. The overall aim is to prevent market volatility as a result of agricultural and health crises;

43. points out that the farmers' share of the added value generated along the food chain is dwindling and that market instruments have to be worked out that put a halt to this trend; in this connection, calls on the Commission create framework rules for producers in all product sectors to set up producer and sectoral groupings and thereby strengthen the position of farming in the food chain. Moreover, for milk production in particular in areas with natural handicaps and in other areas with vulnerable production systems or structures, producer groupings and pooled marketing should be supported in order to cushion the impact when the milk quota runs out and to stop production moving elsewhere;

44. would welcome European Commission investigation of the impact of retail intermediaries on food producers, distributors, suppliers, consumers and the wider environment;

45. considers that the Community competition rules must be revised, so that a real balance can be achieved in the food chain;

46. takes the view that in addition to public market management tools, mutual insurance schemes, such as multi-risk insurance, have to be extended and that, in this connection, opportunities have to be created for Member States so that they can support groupings and cooperation between farmers among themselves to safeguard one another or to link with other parts of the food chain, thus cutting red tape;

47. stresses that in recent years the EU has made strenuous efforts to have export subsidies phased out; points out, however, that any definitive jettisoning of this market instrument in international trade must also be contingent upon the willingness of third countries to follow suit within the WTO this would necessitate export support instruments that are compatible with WTO rules;

48. calls on the Commission to ascertain what the precise impact of the current quota system's expiry would be and to come up with measures to safeguard production and processing;

49. urges the Commission to ensure that any options put forward for the future of regulation in the sugar and isoglucose sector reflect an approach that ensures European production, with a level of income for beet growers that enables existing crops and processing plants to continue;

50. in this connection, calls on the Commission to redouble its efforts in innovation R&D and in promotion; therefore asks for continuous attention for food related research in future European Research and Development programmes;

51. calls on the Commission – in trade policy generally and especially in bilateral agreements – to champion the interests of European farming vigorously and to take on board the impact of trade policy – especially of bilateral accords or accords within the WTO – on the CAP and on European farming; whereas in order to secure European sustainability standards at a global level, WTO-negotiations are a key factor;

52. points out, in this connection, that consumers have a right to require from imported food the same high standards on social rights, food safety, environmental protection, quality

and animal welfare that farming in the European Union delivers. This is right must be vigorously protected in international and bilateral trade negotiations;

Rural development

53. notes that, despite the efforts invested by the Union in the CAP and in cohesion policy, many rural areas in Europe, continue to be plagued by depopulation and decline and have a level of development that is below the EU average and far below the level of most urban areas;

54. draws attention to the particular role played by farmers in peri-urban areas, where there can be intensive pressures on rural and agricultural resources; stresses that this production of food and public goods near urban populations should be maintained;

55. for this reason, stresses the importance of the CAP second pillar for the overall development of rural including peri-urban areas;

56. stresses the importance of the CAP second pillar for the modernisation of farming, for the preservation and socio-economic improvement of the agricultural structure and, especially, for the preservation and improvement of rural areas and their communities as a whole; a rural development policy must therefore be put in place that is supportive of agricultural competitiveness, with part of this policy being dedicated to action on agricultural structures and infrastructures and on the agri-food industry;

57. highlights the fact that rural development has a lot to offer in terms of achieving the EU objectives set out in the 2020 strategy; however there needs to be a clear understanding and demarcation of where to draw the line between the tasks of the thematic EU policies and their funding streams (namely, climate, energy) and what should be supported by CAP (or Regional) Funds;

58. notes that rural development measures are included in the second pillar of the CAP – and hence an instrument of agricultural policy –, but they also have many affinities with cohesion policy. This is why the goals of the second pillar and cohesion policy have to be aligned in the planning process in order to avoid any possibility of overlapping or 'grey areas' and to exploit synergies and to bring the focus of rural development policy back to farming to this end, calls for the administrative rules governing the various European funds to be harmonised;

59. reiterates its support for the proposal to establish a common strategic framework covering the Structural Funds and other territorial development funds such as the EAFRD and the EFF;

60. calls for the regions' devolved responsibilities to be particularly respected when the second pillar is reconfigured and for a true multi-level governance approach to be pursued that respects the distinct importance and powers of the regions in adapting measures to the particular needs of the region; in this connection, highlights the subsidiarity approach in the second pillar, by which the Member States or regions take responsibility for choosing which measures to implement depending on regional characteristics;

61. therefore believes that a bottom-up delivery of rural development policy and funds should first and foremost be addressed through strong local development partnerships;

62. thinks there is a pressing need, given the speed at which Europe's working farmers are ageing, to plan measures that will appeal to young farmers, aimed at attracting new players to the sector and to extend the support they have so far received under the second pillar;

63. in addition, calls for the introduction of special measures to implement the proposals set out in the Quality Package, such as encouragement for the modernisation of farms that produce quality products and support for consumer awareness campaigns;

64. thinks that farmers should be given advice not only about cross-compliance, but about all other important areas (production technologies, business management, coping with new challenges, introducing innovations, environmental management issues, steps to mitigate climate change, etc.) and that dedicated measures should be designed to support this within the second pillar. The focus here should be on supporting accredited advice services. The aim must be to give all EU farmers access to competent advisory services, whether provided by the state, public bodies or the private sector;

65. stresses the particular importance of diversification for small farms, farms in disadvantaged areas, in the northernmost regions with very low population density and in island, cross-border and mountain regions and calls for incentivising measures to be introduced with this in mind;

66. underscores the importance of providing good quality upskilling opportunities to the farming sector, especially for

the period following initial vocational training. The headlong pace of change in the farming and food sector, as well as in related sectors, makes lifelong learning essential;

67. backs the Commission's endeavours to foster cooperation between farmers within the CAP second pillar, especially in sharing resources for marketing products, joint organisation of work and working together on stock farming to reduce the competitive disadvantage of small farms;

68. stresses the particular importance of the CAP second pillar for farms in less favoured areas and accordingly supports the Commission's proposal to retain compensation payments as a feature of rural development plans; in this connection, proposes retaining the current scope while raising the present ceiling to cope with needs in particularly poorly structured mountainous regions and peri-urban areas where the countryside is highly urbanised; also proposes a specific package of measures to support the northernmost regions with very low population density and island, cross-border and mountain regions, measures that could include contributions to collection costs, special measures for hill grazing, a biodiversity payment and recognition of mountain products when revising the EU quality policy;

69. underlines that improvements to competitiveness must, in many regions, necessarily be accompanied by improvements to agricultural infrastructure; also points out that innovation is an indispensable requirement in adapting to climate change, improving resource efficiency and optimising operational management, and that it therefore needs to be given greater support;

70. points out that the Commission is seeking to achieve a uniform EU-wide redefinition of disadvantaged intermediate zones and is concerned about implementing this review; takes the view that the new criteria mooted for this must hit the mark and that the Member States and regions must be given sufficient subsidiarity and flexibility; stresses that, in any event, the new configuration must come with an appropriate transition period to cushion the changeover;

71. highlights the fact that, given the challenges offered by climate change and the need for sustainable rural development, support for actions aimed at sustainable use of water in agriculture by reducing water consumption and pollution, should be strengthened and facilitated, as should measures to promote the replenishment of aquifers (e.g. maintenance of terraces in island and mountain regions, enhancing soil fertility), damage prevention measures and measures to remedy damage caused to agricultural infrastructure by climate disasters;

72. stresses the importance of agri-environmental programmes and calls for all Member States in future to use at least 10 % of the total farming budget available to them for such programmes in order to contribute effectively to making farming sustainable and to recognise high natural value agricultural systems which make it possible to preserve and restore biodiversity in agricultural areas and help ensure improved water and soil protection;

73. points out that agri-environmental programmes need to come with incentives to make them more acceptable to farmers, and also that a value should be put on the externalities generated by certain farming practices;

74. is of the opinion that enabling co-financing by third parties can make implementing regional development plan measures considerably easier;

75. stresses that active forestry management is particularly important for safety in many rural – especially mountainous – areas and for tourism appeal; for this reason, the regions should have the option of supporting forestry management within the regional development plans;

76. stresses the importance of LEADER for the integrated development of rural areas, especially because of the bottom-

up principle, which has proved very effective, and therefore calls on the Commission to retain and reinforce this approach. There is also a need to improve the opportunities for coordinating projects falling under local development plans within the LEADER framework. It is important, however, that LEADER be made more flexible in future and that priority is given to innovative approaches. The current axis-based system in regional development plans has proved rigid. Local authorities and regions must therefore have greater flexibility so they can take better account of local requirements. Regional development plan procedures, especially the reporting arrangements, must be simplified;

77. furthermore believes that the LEADER approach should be used in conjunction with a local development partnership model based on bottom-up local development strategies with multi-sectoral actions, cooperation on innovation, and networking;

78. takes the view that restrictions in supporting investment in food production concerns must be adjusted to structural developments (raising or removing SME thresholds);

79. points out that the costs of planning, management, evaluation, monitoring and control have now become far too high and must therefore be cut back significantly.

Brussels, 11 May 2011.

*The President
of the Committee of the Regions*
Mercedes BRESSO

III

(Preparatory acts)

COMMITTEE OF THE REGIONS

90TH PLENARY SESSION HELD ON 11 AND 12 MAY 2011

Opinion of the Committee of the Regions on 'Towards an ambitious European policy for agricultural quality schemes'

(2011/C 192/06)

THE COMMITTEE OF THE REGIONS

- considers that the quality of the EU's agricultural products is one of the main added values of the CAP and one of the EU's key assets on international markets; considers, therefore, that quality policy must form one of the key strands of the CAP after 2013 and calls for the appropriate tools under the future CAP to consolidate, promote and support the development of quality schemes;
- believes that it is essential to maintain a balanced distribution of economic activity throughout the European Union by means of differentiated development models; the least favoured rural areas can maintain agricultural production through differentiation on the markets, making use of existing quality schemes, which must be strengthened and developed; this differentiated approach on agricultural markets is particularly relevant for mountain products and for local products likely to be promoted under low-food-mile systems;
- considers that the protection of the term 'Products of mountain farming' would make a lasting contribution to economic development, land-use planning and environmental protection;
- stresses that the development of local food systems requires the creation of a distinctive European sign and the development of tools under the second pillar of the CAP in order to encourage producers to adopt this approach and therefore calls on the Commission to make proposals to complement the regulation regarding the Union's policy on the quality of agricultural products in this regard;
- believes that the economic success and sustainability of agricultural products promoted under specific quality schemes is inextricably linked to supply management;
- recommends, in line with its previously-adopted opinions, that GMOs be excluded from the specifications for official quality signs;
- calls for the international protection of geographical indications to be consolidated.

Rapporteur	René Souchon (FR/PES), President of the Auvergne Regional Council
Reference document	Proposal for a Regulation of the European Parliament and of the Council on agricultural product quality schemes COM(2010)733 final

I. ISSUES AND OBJECTIVES

THE COMMITTEE OF THE REGIONS

A. Quality policy, a crucial element of the CAP and a key asset for European agricultural products on international markets

1. notes that the European Union's standards in relation to food safety and quality are amongst the most rigorous in the world;

2. considers that the quality of the EU's agricultural products is one of the main added values of the CAP and one of the EU's key assets on international markets;

3. points out that quality schemes implemented collectively are integral to the European Union's cultural, agricultural and culinary heritage. These quality schemes represent a shared heritage that must be protected and developed;

4. notes that differentiation by quality maximises added value within sectors, meeting strong demand from EU consumers and producers;

5. stresses that, in a situation of crisis regarding the price of agricultural raw materials, differentiated quality production chains have a stabilising effect on the regions. The establishment of differentiated quality production chains makes it possible to develop investment, research and innovation and to ensure that producers receive a fairer share of the added value;

6. considers, therefore, that quality policy must form one of the key strands of the CAP after 2013;

7. deems it essential and therefore urges that the common agricultural policy continue to play an active role beyond 2013 in promoting high standards for European agricultural products;

8. believes that the economic success and sustainability of agricultural products promoted under specific quality schemes is inextricably linked to supply management. The disproportionate growth of product volumes, outside of the market segments in which these products are usually consumed, results in products losing their distinctive nature. This leads to

a fall in prices, which may mean that the product quite simply disappears. The economic models of quality schemes are only of economic interest insofar as they differ from the standard model. If they become widespread, and hence lose their distinctive nature, the most fragile regions will eventually become depopulated;

9. notes that the current mechanisms do not allow for sufficient involvement by European, national and regional funds in joint operations by groups and regions. Only the main geographical indications are able to raise the self-financing required to access European funds;

B. Quality schemes, a key tool for land-use planning and the development of rural areas

notes that:

10. quality schemes provide a means for many agricultural regions to participate in globalisation, through the recognition of specific know-how and high-quality products for consumers;

11. rural development is a crucial element of the discussion on quality schemes. These schemes make a direct contribution to the economic dynamism of the rural regions in which they are located;

12. the European Union's rural regions are heterogeneous and are made up of many highly diverse types of land. Their agronomic, soil and climatic capacities, not to mention logistic and market conditions, therefore, vary greatly;

13. against the backdrop of globalisation and in today's world of international competition, mechanisms must be provided for the least favoured regions, enabling them to develop specific models and to ensure that their agricultural products are differentiated in the eyes of consumers. It is therefore essential that: the current measures compensating for the competitive disadvantages faced by the least favoured regions are maintained; all of the Union's rural areas have access to tools for promoting and differentiating their products on local, European and international markets;

highlights that:

14. the specific more rigorous production standards of quality schemes entail higher production costs and extra work for the producer. Consumers are willing to pay a fair price for this effort in exchange for a product which they consider to be better and/or typical;

15. the competition rules currently in force favour the regions that are most advantaged in terms of production costs. Conversely, the least favoured regions are at a disadvantage when it comes to cost-competitiveness;

considers, therefore, that:

16. it is essential to maintain a balanced distribution of economic activity throughout the European Union by means of differentiated development models;

17. the least favoured rural areas can maintain agricultural production through differentiation on the markets, making use of existing quality schemes, which must be strengthened and developed;

18. this differentiated approach on agricultural markets is particularly relevant for mountain products and for local products likely to be promoted under low-food-mile systems;

II. POLICY RECOMMENDATIONS

C. Protecting and promoting quality in international trade

19. stresses that the recognition of quality schemes is essential in the context of international trade. This recognition must not be dealt with in the same way as private labels. The principle of designations of origin is one of shared heritage and ownership, which is not the same as private ownership. The international protection of geographical indications should thus be consolidated;

20. reiterates, therefore, the calls it has made in previous opinions for the recognition of geographical indications and the international legal framework applicable to them to be strengthened. This must lead to the genuinely effective and sustainable protection of quality schemes at international level;

21. believes, in particular, that the European Union must step up its efforts to ensure improvements in the protection of geographical indications (PGI and PDO) in WTO negotiations and within the WIPO;

22. recommends in particular:

- a. extending the protection provided under Article 23 of the TRIPS Agreement on Trade-Related Aspects of Intellectual Property Rights to all agricultural products;
- b. creating a multilateral register of geographical indications (GI) at international level;
- c. concluding bilateral EU-third country agreements with a view to mutual recognition of all registered PDOs and PGIs;

23. is concerned, however, about the possible risks resulting from certain bilateral agreements being negotiated regarding the mutual recognition of products covered by geographical indications. The conclusion of these agreements must not result in the arrival onto the European market of non-EU country products which have geographical indications, but do not meet European standards in terms of requirements and controls;

24. calls for specific measures to be taken in order to avoid the sale within the EU or export to non-EU countries of products whose labelling does not comply with the legislation governing the quality of EU agricultural products;

D. Clarifying and strengthening the definition of geographical indications

25. wonders whether the change to the definition of PDOs and PGIs proposed by the European Commission in its draft regulation is justified;

26. expressly calls upon the European Commission, in relation to the possible impact of removing references to production steps, to ensure that this change does not lead to a lower level of protection or to misuse;

27. also wonders whether it is appropriate to draw up specific definitions by type of product and emphasises that taking account of the specific characteristics of the production steps for certain types of product must not jeopardise the unity and coherence of the geographical indications system at European level;

28. asks the European Commission to specify the procedure it intends to follow for delegated acts and recommends the prior consultation of all interested parties;

E. Promoting and differentiating mountain products

29. points out that amongst consumers, mountain farming products have a strong identity, mostly involving extensive and/or traditional production systems. These products are a public asset and bring considerable value to the local economy;

30. points out that mountain areas represent some 40 % of European territory as a whole ⁽¹⁾, 18 % of agricultural households and 15 % of Europe's usable agricultural area ⁽²⁾. Furthermore, the proportion of mountains within the European Union will only increase with enlargement ⁽³⁾;

31. believes that the recognition and specific labelling of mountain products should be subject to a policy which must be incorporated as soon as possible into the European Union's overall policy on the quality of agricultural products. This should be done in a manner which is consistent with the recognition of mountain areas under the common agricultural policy;

32. considers that the capacity of mountain producers to draw the greatest benefit from their products within quality schemes is the absolute prerequisite for maintaining their activities, in view of their lower rates of productivity ⁽⁴⁾ which brings direct benefits in terms of quality ⁽⁵⁾ for consumers;

33. stresses that mountain products are unique, due to their location and their production and processing methods ⁽⁶⁾;

⁽¹⁾ 'Mountain areas in Europe', study by NORDREGIO for the European Commission (DG REGIO, 2004).

⁽²⁾ 'Peak performance: New insights into Mountain Farming in the European Union', Commission staff working document, December 2009.

⁽³⁾ Europe's ecological Backbone: recognising the true value of our mountains September. 2010, EEA No. 6/2010.

⁽⁴⁾ Peak performance: New insights into Mountain Farming in the European Union, Commission staff working document, December 2009: productivity of mountain LFA farms is lower by 28 % as compared to non-mountainous LFAs and 40 % as compared to non-LFA areas.

⁽⁵⁾ 'La composante milieu physique dans l'effet terroir pour la production fromagère: quelques réflexions à partir du cas des fromages des Alpes du Nord' [The physical environment as a factor in the impact of 'terroir' on cheese production: a discussion relating to cheese from the Northern Alps]. Jean-Marcel Dorioz, Philippe Fleury, Jean-Baptiste Coulon, Bruno Martin. *Courrier de l'environnement de l'INRA* n°40, June 2000 <http://www.inra.fr/dpenv/pdf/DoriozD27.pdf>.

⁽⁶⁾ Mountain Food Products in Europe: results, findings and outputs of the project, November 2004, pp 7 and 17.

34. believes, therefore, that the protection of the term 'Products of mountain farming' would, for a relatively low cost, make it possible to better promote and protect mountain products (including agricultural and livestock products, as well as their on-the-spot processing), boosting the creation of a market segment dedicated to promoting these products in all Member States. This would ensure that the traditions, culture and heritage of mountain regions are maintained and developed, strengthening production and processing facilities' ties to those regions;

35. considers that this protection, in the form of a 'product of mountain farming' designation, would make a lasting contribution to economic development, land-use planning and environmental protection. These issues are extremely important in regions where the abandonment of agricultural land is synonymous with the deterioration of the environment, the development of 'natural' risks and the impoverishment of the social, economic and cultural fabric;

36. points out that it is difficult to provide EU-wide figures on the mountain products market, since the term is not defined at European level. However, a genuinely positive impact can be seen in certain sectors where operators are given the specific opportunity to promote their products. An example of this is the milk sector in the Massif Central in France ⁽⁷⁾;

37. points out that it has on several occasions expressed its support for the introduction of optional reserved terms for mountain farming products and in this opinion reiterates its call for mountain farming products to be taken into account as soon as possible in the European Union's future quality policy;

38. also stresses once again that the regions should play a prominent role in defining these 'mountain' terms and in supporting the creation of sectors in the context of a regionalised rural development policy;

⁽⁷⁾ A new mountain milk mark which has just been established should cover 3 to 4 million litres of milk, i.e. one-third of the Massif Central's production: <http://www.leprogres.fr/fr/region/la-haute-loire/haute-loire/article/3939334,183/Une-marque-Montagne-pour-le-lait-du-Massif-central.html>. The Swiss examples show that added value as much as 30 % higher than in the case of generic milks (*Revue Montagna*, July 2010). Mountain milk represents 11.5 % of milk produced in Europe and 1 out of every 5 or 6 dairy farms. The cost of production is 12 % greater than in the case of lowland milk and work pay is EUR 10 000/ALU lower. Subsidies only compensate for 34 % of these handicaps 'European mountain milk: a symbol under threat', Institut de l'élevage-CNIEL, May 2009, p.7.

F. Promoting low-food-mile systems and direct selling

39. considers, in line with its previously adopted opinion on local food systems⁽⁸⁾, that promoting and direct selling is essential. In that opinion, the Committee defined the 'local food chain' as a combination of four factors: a short distribution chain; a short physical distance between the place of production and the place of consumption; a method which also takes account of transport, distribution, residual waste processing, renewable energy, marketing, promotion and quality management; a method which must be managed at local and regional level. Stresses that low-food-mile systems make it possible to relocate agricultural production and to anchor it in its region of origin by facilitating consumption on local markets. Low-food-mile systems contribute to the even distribution of agricultural activities throughout the EU and have a positive impact on the environment, as long as care is taken to ensure that production is suited to the natural production capacity of the region;

40. also stresses the economic benefit of low-food-mile systems, which can enable some producers to increase their income by undercutting the margins of an excessively long chain. These producers are not usually in a position to compete with the negotiating capacity and marketing ability of agri-food chains, which have the greatest commercial power;

41. points out, in relation to the promotion of low-food-mile systems, that:

- a. this involves promoting proximity between the places where foodstuffs, whether processed or unprocessed, are produced and where they are consumed, and hence to encourage the geographically shortest production, processing and marketing chains. This proximity reduces the unnecessary emission of greenhouse gases caused by overly long and complex chains;
- b. systems of direct selling by small-scale producers on local markets form part of these low-food-mile systems and must be fully integrated into the European Union's overall agricultural production policy. These low-food-mile systems restore a strong link between producers and consumers. They also ensure that products are more easily traceable, reassuring consumers as regards the origin of the products they consume;
- c. the principle of low-food-mile systems does not simply consist of reducing the number of intermediaries between producer and consumer. This principle must above all

revitalise the food sector at local and regional level. These low-food-mile systems include producers, processors and distributors established locally, who all contribute directly or indirectly to the revitalisation of rural regions;

- d. this measure must go hand in hand with a more even distribution of added value throughout the chain, first of all restoring that added value to producers;

42. considers that the development of local food systems requires the creation of a distinctive European sign and the development of tools under the second pillar of the CAP in order to encourage producers to adopt this approach;

43. calls on the Commission, therefore, to make proposals on creating a new logo and on establishing a distinctive identity for local products which are marketed within the local food system. These identifying features will complement the regulation regarding the Union's policy on the quality of agricultural products;

44. would strongly support Commission initiatives for the extension of compulsory labelling of '*place of farming*' on produce and would encourage similar compulsory labelling initiatives designed for the catering trade;

45. stresses that this new sign could also offer a solution for thousands of traditional products from the European regions which are not necessarily destined to hold geographical indications;

46. wishes to draw the attention of the European Commission, the European Parliament and the Council to the need to adapt the provisions on public contracts, making it easier for local and regional authorities to purchase local farm products. In this regard, Article 26 of Directive No 2004/18/EC states that contracting authorities may include conditions concerning social and environmental considerations in their specifications;

47. calls for Article 53 of Directive No 2004/18/EC to be amended to take specific account of the criteria of proximity and/or reductions in CO₂ emissions resulting from the transport of goods;

48. stresses, lastly, that the regions could manage the aforementioned new 'low-food-mile' sign, since they are in a good position to take account of the local and cultural nature of products. The regions are also the most logical partner for promoting these products, complementing European funds;

⁽⁸⁾ OUTLOOK OPINION of the Committee of the Regions on LOCAL FOOD SYSTEMS adopted in plenary session on 27 January 2011. Rapporteur: Ms Lenie Dwarshuis-van de Beek, Member of the Executive Council of the Province of South Holland.

G. Promoting and developing traditional specialties guaranteed

49. notes that the system of traditional specialties guaranteed makes it possible to preserve and develop certain traditional food products. In the case of these traditional specialties guaranteed, most of the value is provided by the producer, in contrast to the great majority of current industrial food products. These products therefore help to ensure the diversity of foods available and to promote the wealth of Europe's gastronomic heritage;

50. believes that it would be useful to carry out an EU-wide census of all products representing European traditional gastronomy. This would create a basis for the recognition of traditional specialties guaranteed. It would also be consistent with the initiative taken by UNESCO at international level and would lead to the widespread implementation of measures such as those already implemented by several Member States;

H. Excluding genetically-modified organisms from quality products

51. recommends, in line with its previously-adopted opinions, that GMOs be excluded from the specifications for official quality signs. This exclusion could be implemented gradually by Member States, within a reasonable maximum timescale of five years, in order to allow producers to take the necessary technical measures. This time-period would be used to establish alternative supply chains, replacing the use of GMOs in raw materials, particularly in the case of animal feed;

52. considers it essential that the use of genetically-modified organisms be explicitly prohibited at all stages in the manufacture of products bearing official quality signs. This prohibition would ensure the sustainability of traditional production methods and distinctive characteristics within quality schemes;

53. also believes that banning GMOs in specifications is a prerequisite, in the short term, for preserving the transparency and credibility of quality schemes amongst consumers;

54. stresses that amending the specifications for official quality signs has become increasingly urgent, since private initiatives, not involving quality products, are being developed to guarantee 'non-GMO' products;

55. emphasises furthermore that the development of a guaranteed non-GMO market for products bearing official quality signs provides an opportunity of producers since there is extremely high demand amongst European consumers in this regard;

56. believes that products bearing official quality signs, free of GMOs, may, like organic farming products, be fully appreciated by consumers. This will ensure the sustainability of a better outlet for products, thereby compensating for any excessive costs which producers may face in the short term;

57. emphasises that the exclusion of GMOs from products bearing official quality signs must be accompanied by an aggressive strategy at European level concerning the production and supply of non-GMO vegetable proteins. This strategy is inseparably linked to the coherent development of non-GMO crops in Europe. In this regard, it offers an important opportunity to develop protein crops in Europe, the agronomic and ecological advantages of which are widely recognised. The policy on developing non-GMO protein chains should be implemented under the CAP by adopting specific agri-environmental aid;

58. therefore recommends that a study be undertaken into the development of high-protein non-GMO crops (peas, field beans), which would appear to be the best options ⁽⁹⁾ for establishing non-GMO protein production;

59. feels that the additional costs generated by excluding GMOs from the specifications of all products bearing official quality signs could be kept to a minimum by introducing the system progressively over five years, that the additional costs for the consumer will be minimal – around a few Euro cents per kilo ⁽¹⁰⁾ – if they are spread through the whole supply chain, and finally that the environmental benefits of these non-GMO protein-rich vegetable crops will, in the medium to long term, fully cancel out these additional costs ⁽¹¹⁾;

60. stresses the need to label quality products made from GMO-derived raw materials (meat, eggs, milk, etc.) in order to avoid a form of unfair competition between EU GMO-free products and GMO-derived products from the international market;

⁽⁹⁾ These crops are currently largely produced by France (peas) and the United Kingdom (field beans).

⁽¹⁰⁾ **Milanesi J:** *Quel avenir pour les filières animales 'sans OGM' en France? Illustration par le poulet Label Rouge.* [The future of non-GM policies in animal production chains in France. The example of Label Rouge chickens] 3rd social science research days. INRA SFER CIRAD, 9, 10 and 11 December 2009 – Montpellier, France. <http://www.sfer.asso.fr/content/download/2981/27271/version/1/file/B3+-+Milanesi.pdf>

⁽¹¹⁾ *La relance des légumineuses dans le cadre d'un plan protéines: quels bénéfices environnementaux?* [The re-emergence of leguminous crops as part of a protein plan: the environmental benefits] Commission on Sustainable Development, France, 2009. http://www.developpement-durable.gouv.fr/IMG/pdf/E_D15.pdf

I. Controlling production

61. considers that regulating high-quality agricultural products and controlling their supply are key challenges for agricultural policy⁽¹²⁾ and that, whilst not covered by the operating laws of standard markets, quality schemes are no less vulnerable to the whims of the markets;

62. is of the view that developing and maintaining quality schemes form part and parcel of a concerted supply control policy. Increases in productivity and/or quantities produced are usually incompatible with showing due regard for the environment and with preserving the quality and characteristics of the product;

63. also considers that, without control of production, the uncontrolled development of quantities sold may in some cases lead to a significant reduction in prices paid to producers, cancelling out any benefit this production may have for the producers in question. Moreover, it is not possible for producers in areas with natural handicaps to compensate for falling prices for high-quality products by increasing production volume: if they cannot adapt, they will disappear;

64. consequently feels that quality systems in the agricultural sector must move beyond the principle of competition based solely on price, and that the long-term future of a quality system cannot be based on an increase in volume, but must instead be based on the inherent quality of the product, justifying a higher price that consumers are willing to pay;

65. therefore calls, in line with previous opinions, for production control instruments to be put in place for differentiated quality sectors and urges the European Commission to propose specific instruments for the management of these markets;

J. Improving communication and promoting the development of quality schemes

66. considers consumers to be equal partners in the process of relocating and preserving agricultural production, since it is they who pay for it;

67. believes that it is crucial to improve communication regarding production conditions so that consumers can derive tangible benefit from the advantages offered by quality schemes. Consumers must be given all the tools required to recognise the four official European logos and to distinguish them from the marks of private enterprises associated with geographical names;

68. considers that the logos established by the Council or the Commission for the labelling of quality agricultural products should be used systematically by operators and that consumers should be better informed of their meaning and importance;

69. calls for the appropriate tools under the future CAP to consolidate, promote and support the development of quality schemes;

70. calls in particular for measures to be adopted under the second pillar of the CAP to improve or replace the existing EAFRD measures supporting and promoting quality schemes, via:

- a. greater consideration of the constraints on producers in relation to quality products
- b. greater assistance for producer groups as regards certification, monitoring, promotion and prior studies
- c. the possibility of funding temporary protection for PDOs and PGIs
- d. the possibility of funding collective measures by several PDOs and PGIs and of making use of national and regional co-financing

K. Simplifying and improving the implementation of quality policy

71. points out that EU action on the quality of agricultural products is essential to ensure that these products are effectively protected and that consumers have reliable information;

72. welcomes the European Commission's proposals to update the rules and cut red tape for producers, particularly in relation to the registration of products;

⁽¹²⁾ Eric Giraud-Héraud, Louis-Georges Soler. Quelle légitimité à des mécanismes de régulation de l'offre dans les appellations d'origine protégée? [The legitimacy of supply regulation mechanisms in designations of protected origin] In: *Économie rurale*. No 277-278, 2003. pp. 123-134. http://www.persee.fr/web/revues/home/prescript/article/ecoru_0013-0559_2003_num_277_1_5441

73. also welcomes the recognition of the role and responsibilities of producer groups in the management of geographical indications;

74. supports the Commission's proposal to simplify and better target the scheme for traditional specialities guaranteed.

Brussels, 12 May 2011.

*The President
of the Committee of the Regions*
Mercedes BRESSO

Opinion of the Committee of the Regions on the 'Milk package'

(2011/C 192/07)

THE COMMITTEE OF THE REGIONS

- points out that the dairy production is of major significance in the European Union: in many Member States and regions, it is a key pillar of the regional economy and agricultural added value. Milk production therefore has an important environmental role, has an enduring impact on the cultural landscape and is an important employer in rural areas;
- is of the opinion that the reform process needs to take account of regional and structural differences in dairy farming and the dairy industry. In many regions, most milk is produced on small and medium-sized family farms while in other areas milk production is dominated by large agricultural holdings. The reforms to the dairy sector must therefore not put these structures at risk, particularly those that contribute to sustainable growth;
- supports the European Commission's initiative of introducing certain common rules for milk producer organisations in the EU so that all milk producers in all regions have the option of joining forces, including across borders;
- therefore thinks it would be appropriate to continue to allow Member States to recognise producer organisations and associations thereof in the milk sector under national law, in line with certain requirements under EU law;
- welcomes the Commission's proposal to authorise sectoral organisations in the milk and milk products sector, in order to give real impetus in terms of research and development, promotion of organic production and sales promotion;
- notes that a reliable, responsive safety net that can react quickly and effectively to unusual changes in the market or prices is a requirement for a forward-looking EU milk production.

Rapporteur	Emilia MÜLLER (DE/EPP), Minister for Federal and European Affairs of the Free State of Bavaria
Reference documents	Report from the European Commission to the European Parliament and the Council – Evolution of the market situation and the consequent conditions for smoothly phasing out the milk quota system COM(2010) 727 final Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EC) No 1234/2007 as regards contractual relations in the milk and milk products sector COM(2010) 728 final

I. POLICY RECOMMENDATIONS

THE COMMITTEE OF THE REGIONS

Policy development and regional significance of the milk sector

1. notes that the milk sector is undergoing one of the most intense liberalisation processes in the EU. Milk producers and dairies are facing major challenges in the form of the reduction in internal support levels, the decoupling of direct payments and the milk premium, the gradual scaling back of external protection and the planned phasing out of milk quotas by 2015;

2. expects the liberalisation of the dairy market to lead to greater price volatility and thus to considerable uncertainty in milk producers' business planning;

3. stresses the need to curb speculation on global agricultural markets, and highlights the role that the European Union's external trade policy needs to play in achieving this; points out that the new CAP should be based on the principle of self-sufficiency in food and that the question of opening the European market up to cheaper imports should be linked to the discussions on the proposals on regulation of the European market;

4. assumes that, on the other hand, the opening up of the markets and the abolition of production quotas will make it possible to respond more effectively to market signals and to exploit potentially available demand;

5. points out that dairy production is of major significance in the European Union: in many Member States and regions, it is a key pillar of the regional economy and agricultural added value. Milk production therefore has an important environmental role, has an enduring impact on the cultural landscape and is an important employer in rural areas;

6. stresses that the liberalisation of the dairy market must not adversely affect food security in the internal market or lead

to unjustified shifts in current consumer preferences. Nor must it lead to new market distortions in terms of production and consumption within and between the Member States, between north and south or east and west, or with respect to third countries;

7. is of the opinion that the reform process needs to take account of regional and structural differences in dairy farming and the dairy industry. In many regions, most milk is produced on small and medium-sized family farms while in other areas, milk production is dominated by large agricultural holdings. The reforms to the dairy sector must therefore not put these structures at risk, particularly those that contribute to sustainable growth;

8. takes the view that the diversity of structures in the dairy industry must also be taken into account, as it has a major impact – through the wide range of products, from regional specialities to innovative products designed for sale – on the supply of high-quality, safe and healthy dairy products in the European Union;

9. expects that the phasing out of milk quotas will result in milk production shifting more towards favourable locations, which will present significant challenges for the regions affected;

10. points out that both milk production and, in particular, milk processing involve high investment costs and labour-intensive production and processing, and therefore have long cycles and need planning security;

11. observes that milk producers are paying closer attention to market signals and adjusting their operations accordingly, but that considerable additional efforts are needed to ensure that they can survive in a liberalised dairy market;

12. given the nutritional benefits, would encourage the EU and authorities within Member States to actively promote the European School Milk Scheme to encourage healthy eating habits for children;

Challenges in a liberalised dairy market

13. expects a set of reforms to rationalise the market for milk and milk products and create a transparent environment governed by rules jointly accepted by market players who are on an equal footing;

14. considers increasing price volatility to be one of the biggest challenges facing milk production in the regions. Due to their continuous production methods, with long production cycles, it is vital for milk producers to be able to maintain liquidity and overcome market crises;

15. therefore sees measures and options to minimise the revenue risk as an important component of the process of reforming the dairy sector. It must be possible, using sectoral, regional and Community risk management mechanisms, to provide milk producers with an adequate guarantee of planning security: in this connection, hedging mechanisms for the processing sector could be just as important as the option of compensation of risks for a sector or a producers' cooperative;

16. notes that innovation and research are key factors in successfully and sustainably developing the sector but also highlights, in this connection, the need to provide consumers with reliable information;

17. is convinced that opening up the markets and removing production quotas will increase export potential both for products tailored to non-EU markets and for regional specialities and premium-quality products;

18. anticipates that considerable efforts will be required in order to realise this potential, and that small and medium-sized enterprises, which are a characteristic part of the EU's regional dairy production, the dairy sector will need additional support in this respect and in developing regional value chains;

19. stresses that the liberalisation of the dairy market and measures to promote exports could lead to uncontrolled developments and changes in the current market equilibrium; therefore urges the European Commission to examine the impact on the production and supply chains of opening up the markets and liberalising the dairy market and the possible results in terms of shifts in domestic consumption;

Market developments

20. takes note of the Commission's report on the dairy market, which highlights the degree of influence that global market developments have on the European dairy sector and

shows how important market measures (intervention, private storage and export refunds) were in stabilising the milk price at a low level in 2009;

21. acknowledges that the unusually high milk prices in 2007 were mainly caused by low supply and high demand worldwide;

22. points out that the 2009 crisis in the dairy market, when prices fell to historic lows in Europe, was influenced by weak export demand caused in part by the global economic crisis, and by an oversupply of milk; at the same time would welcome a European Commission investigation into the factors influencing the retail price of milk;

23. stresses that the impact of the crisis in the dairy market varied across the regions, but particularly threatened the survival of milk producers all over Europe who had invested in their businesses;

24. agrees with the Commission that milk deliveries in the EU will continue to increase, with a particular emphasis on increased processing into cheese and fresh milk products that can be both sold in the European Union and exported;

25. acknowledges that, in some Member States where revenues from milk are relatively high, the national milk quotas are already largely irrelevant and that in these regions there is a greater response to positive market signals;

26. shares the Commission's view that global product markets have a major influence on prices and market developments in the EU and that the EU's ability to absorb the release of intervention stocks is particularly important to market stability in export-oriented product segments, however, also expects proposals from the Commission on new measures which will benefit all regions across the EU;

27. points out that, during the dairy market crisis alone, 4.5 % of butter production and 27.4 % of skimmed milk production was subject to intervention, and around 262 million kilograms of cheese, around 559 million kilograms of whole milk powder and just under 133 million kilograms of butter were disposed of with the aid of export subsidies;

Strengthening the market position of milk producers and competition issues

28. welcomes the recommendations of the High Level Experts' Group (HLG) on milk with regard to its investigation into the medium- to long-term challenges for the milk sector and its comprehensive overview of the organisation and structure of the value chain in the Member States;

29. highlights the results produced by the HLG on milk relating to the diversity and regional specificities in the organisation of milk producers and in milk processing structures;

30. points out that more than half of the milk produced in Europe is sold by producers in a processing cooperative;

31. notes that, in many regions of the EU, private firms and dairy cooperatives are important in supporting regional milk production, opening up future markets and developing successful, market-oriented, innovative products;

32. shares the view of the HLG on milk that, in the course of the ongoing liberalisation of the market, the competitive position of milk producers will need to be examined and strengthened;

33. points out in this connection that there are big differences between the regions in the organisation of milk producers: while the market in some regions is dominated by large businesses, other regions have a combination of medium-sized private businesses and dairy cooperatives. Some regions, however, are still lagging behind in improving supply-side structures;

34. regards the Commission's proposal to promote the use of milk delivery contracts as a real opportunity to give milk producers greater planning security and clarity for their milk deliveries;

35. notes that any requirement to draw up milk delivery contracts must not disrupt the internal market or lead to market distortions in the cross-border trade in milk;

36. therefore urges the Commission to be careful to ensure that contracts are completely freely negotiated in line with EU competition rules;

37. highlights the benefits that recognised milk producer organisations provide for producers and processors, particularly with regard to pooling milk and in contract negotiations for milk deliveries;

38. observes that there is a particular imbalance in the value chain in places where milk producers do not have the option of forming cooperatives to market their milk;

39. underlines the need to strengthen the suppliers' side in the value chain, particularly in a dairy market where prices are defined with no state regulatory or measures;

40. supports the European Commission's initiative of introducing certain common rules for milk producer organisations in the EU so that all milk producers in all regions have the option of joining forces, including across borders;

41. points out that some Member States and regions have many years of experience with milk producer cooperatives that sell their milk deliveries collectively;

42. welcomes the organisation of milk producers at European level, but notes that this organisation must take account of regional characteristics;

43. therefore thinks it would be appropriate to continue to allow Member States to recognise producer organisations and associations thereof in the milk sector under national law, in line with certain requirements under EU law;

44. acknowledges that standard rules at EU level are necessary for transnational producer organisations and associations;

45. also advocates that new rules on contract negotiations with producer organisations and their associations should be developed in line with the harmonised system;

46. feels that rules on associations of producer organisations should not be laid down in delegated acts, as they relate to key elements of the common market organisation;

47. calls on the Commission at least to ensure that the survival of existing milk producer organisations is not threatened and to examine carefully which rules and requirements are of use in the recognition of milk producer organisations, so that they can successfully market their milk in accordance with specific features of the sector and regional structural differences;

48. feels that transitional rules may be appropriate for milk producer organisations that have already been recognised;

49. feels that it is inappropriate to apply the limits on milk pooling by milk producer organisations to vertically integrated milk producer organisations that process milk;

50. calls for the option to be provided of re-examining the ceilings for pooling, in order to ensure that competition on the dairy market is not restricted or eliminated;

51. very much welcomes, in this connection, the possibility of reducing the national ceiling to an appropriate level in order to safeguard regional and national competition in the milk sector. It is crucial to protect existing small and medium-sized dairies from barriers to competition, to ensure their survival and thus the success of the region's milk production;

52. welcomes the Commission's proposal to authorise sectoral organisations in the milk and milk products sector, in order to give real impetus in terms of research and development, promotion of organic production and sales promotion;

53. is aiming to ensure healthy competition that gives all market participants a proportionate share of added value;

54. urges the Commission to review the rules for producer and sectoral organisations regularly, to give all those involved in the milk value chain a reliable basis for pooling and long-term market orientation;

55. appreciates that the Commission needs good-quality, up-to-date information on the market, but has concerns regarding the use and appropriateness of this information, which could have an impact on a volatile market that is vulnerable to speculation;

Market measures

56. notes that a reliable, responsive safety net that can react quickly and effectively to unusual changes in the market or prices is a requirement for a forward-looking EU milk production;

57. therefore calls for the time limits for intervention periods to be removed, so that crises can be responded to quickly and effectively;

58. calls for the reintroduction of subsidies for private storage of cheese in the EU in the event of crisis, in order to provide an appropriate safety net for production, which is increasingly focused on cheese;

59. underlines the key importance of measures to stabilise the dairy market and urges the Commission to retain the option for export subsidies in the event of crisis, under strict conditions;

60. has doubts about the effectiveness of reducing EU milk production by 1 or 2 %, subject to compensation;

61. has concerns regarding the structure and feasibility of a voluntary reduction in production in return for compensation, as a scheme of this kind would encourage speculation and provide considerable scope for abuse. Such a scheme would also discourage producers from adjusting their production to market developments on their own initiative.

II. RECOMMENDATIONS FOR AMENDMENTS

Amendment 1

Recital (6)

Text proposed by the Commission	CoR amendment
(6) There is a problem of price transmission along the chain, in particular as regards farm-gate prices. Conversely, during 2009 the supply of milk did not react to lower demand. Indeed, in some large producer Member States, in reaction to lower prices, farmers produced more than in the previous year. Value-added in the chain has become increasingly concentrated in the downstream sectors, notably with dairies.	(6) There is a problem of price transmission along the chain, in particular as regards farm-gate prices. Conversely, during 2009 the supply of milk did not <u>reacted in some cases to only a limited extent</u> to lower demand. Indeed, in some large producer Member States, in reaction to lower prices, farmers produced more than in the previous year. Value-added in the chain has become increasingly concentrated in the downstream sectors, notably with dairies .

Reason

Milk producers' response to the crisis in the dairy market varied across the Member States. According to the Commission's report, there was an overall reduction of 0.6 % in milk deliveries in 2009 compared to 2008.

In terms of share in value-added, the demand side (commerce) usually has the advantage over the supply side (producers and processors).

Amendment 2*Article 122*

Text proposed by the Commission	CoR amendment
In point (a) of the first paragraph of Article 122, the following point is inserted after point (iii): '(iiia) milk and milk products;'	In point (a) of the first <u>A new fifth paragraph is inserted in</u> of Article 122; the following point is inserted after point (iii): '(iiia) milk and milk products; ' <u>The Member States shall recognise producer organisations in the milk and milk products sector under the same conditions as paragraph 1(b) and (c).</u> <u>Any other conditions of recognition shall be laid down by the Member States.</u> <u>The Commission shall, if appropriate, adopt implementing provisions for transnational producer organisations in this sector, including administrative assistance to be given by the relevant competent authorities in the case of transnational cooperation.'</u>

Reason

Including the milk and milk products sector in Article 122(a) of Regulation (EC) No 1234/2007 would result, under Article 124(1) of the Regulation, in a definitive, complete regulation that would undermine existing operational regulatory systems at national level. In order to ensure that it remains possible to recognise producer organisations under national law and in line with EU law, the milk and milk products sector should be regulated not, as proposed, under Article 122(a) of the Regulation but for example in a new fifth paragraph of Article 122. This would take account of national differences and respect the subsidiarity principle.

Standard rules at EU level may be necessary for transnational producer organisations, and the proposal therefore authorises the Commission to adopt common implementing provisions for this sector.

It is up to the Member States, however, to lay down any other conditions for recognition. This also takes account of national differences and respects the subsidiarity principle. It means that the Member States have sole responsibility for laying down any other conditions for recognition.

Amendment 3*Article 126a(3)*

Text proposed by the Commission	CoR amendment
In Chapter II of Title II of Part II, the following Section IIa is inserted: '[...] Article 126a Contractual negotiations in the milk and milk products sector [...] 3. For the purposes of this Article, references to producer organisations shall also cover associations of such producer organisations. In order to ensure that these associations may be appropriately monitored, the Commission may, by means of delegated acts, adopt rules on the conditions for recognition of such associations.'	In Chapter II of Title II of Part II, the following Section IIa is inserted: '[...] Article 126a Contractual negotiations in the milk and milk products sector [...] 3. For the purposes of this Article, references to producer organisations shall also cover associations of such producer organisations. In order to ensure that these associations <u>producer organisations and associations thereof</u> may be appropriately monitored <u>in connection with the contractual negotiations regulated in paragraphs 1 and 2</u> , the Commission may; <u>adopt rules</u> by means of delegated acts; adopt rules on the conditions for recognition of such associations.'

Reason

Article 126a of the draft lays down rules on contractual negotiations in the milk and milk products sector. The authorisation for the Commission to 'adopt rules on the conditions for recognition of such associations' by means of delegated acts does not fit in with the structure of Article 126a of the draft and should therefore be deleted.

It is, however, worthwhile to lay down rules concerning appropriate monitoring of both producer organisations and associations of producer organisations with regard to the contractual negotiations regulated in paragraphs 1 and 2.

The Commission should therefore be authorised, in the second sentence of Article 126a(3), to adopt delegated acts in this regard for producer organisations and associations thereof.

Amendment 4

Article 126b (NEW)

Text proposed by the Commission	CoR amendment
	<p>The following Article 126b is inserted after Article 126a:</p> <p><u>'Associations of producer organisationsAn association of producer organisations in the milk and milk products sector shall be formed on the initiative of recognised producer organisations and may carry out any of the activities of a producer organisation. To this end, Member States may recognise, on request, an association of producer organisations where the Member State considers that the association is capable of effectively carrying out those activities.</u></p> <p><u>The Commission shall, if appropriate, adopt implementing provisions for transnational associations of producer organisations in this sector, including administrative assistance to be given by the relevant competent authorities in the case of transnational cooperation.</u></p> <p><u>Any other conditions of recognition shall be laid down by the Member States.'</u></p>

Reason

Rules on the recognition of associations of producer organisations are essential aspects that should not be included in delegated acts – as provided for in the second sentence of Article 126a(3) of the draft – but should be laid down in the Regulation itself.

Standard rules at EU level may be necessary for transnational associations of producer organisations, and the proposal therefore authorises the Commission to adopt common implementing provisions for this sector.

It is up to the Member States, however, to lay down any other conditions for recognition. This also takes account of national differences and respects the subsidiarity principle. It means that the Member States have sole responsibility for laying down any other conditions for recognition.

Amendment 5*Article 204*

Text proposed by the Commission	CoR amendment
In Article 204, the following paragraph is added: '6. As regards the milk and milk products sector, point (iiia) of the first paragraph of Article 122 and Articles 123(4), 126a, 177a, 185e and 185f shall apply until 30 June 2020.'	In Article 204, the following paragraph is added: '6. As regards the milk and milk products sector, point (iiia) of the first <u>fifth</u> paragraph of Article 122 and Articles 123(4), 126a, 126b, 177a, 185e and 185f shall apply until 30 June 2020.'

Reason

See amendments 2 and 4.

Amendment 6*Article 185f(2)(c)*

Text proposed by the Commission	CoR amendment
iii) the duration of the contract, which may include an indefinite duration with termination clauses.	iii) the duration of the contract, which may include an specific or indefinite duration with termination and renegotiation clauses

Reason

The basic elements of contracts should provide the greatest possible flexibility, which will benefit producers and processing firms equally.

Brussels, 12 May 2011.

*The President
of the Committee of the Regions*
Mercedes BRESSO

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