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## REPORT

of the Committee on Regional Policy and Regional Planning

on the Commission proposal for a Council decision  
 setting up a programme of options specific to the  
 remote and insular nature of Madeira and the Azores  
 (POSEIMA)  
 (COM(90) 687 final - C3-0099/91)

Rapporteur: Mr Gene FITZGERALD

PE 148.481/fin.  
 Or. EN

A Series: Reports - B Series: Motions for Resolutions, Oral Questions - C Series: Documents received from other Institutions (e.g. Consultations)

\* = Consultation procedure requiring a single reading

\*\*II = Cooperation procedure (second reading) which requires the votes of a majority of the current Members of Parliament for rejection or amendment

\*\*I = Cooperation procedure (first reading)

\*\*\* = Parliamentary assent which requires the votes of a majority of the current Members of Parliament

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By letter of 12 March 1991 the Council consulted the European Parliament, pursuant to the (EEC) Treaty, on the Commission proposal for a Council decision setting up a programme of options specific to the remote and insular nature of Madeira and the Azores (POSEIMA).

At the sitting of 15 April 1991 the President of Parliament announced that he had referred this proposal to the Committee on Regional Policy and Regional Planning as the committee responsible and to the Committee on Agriculture, Fisheries and Rural Development and the Committee on Budgets for their opinions.

At its meeting of 1 February 1991 the Committee on Regional Policy and Regional Planning appointed Mr Gene FITZGERALD rapporteur.

At its meeting of 21 March 1991 it held a hearing on the Commission proposal (POSEIMA) in which representatives of the Regional Governments and of the Regional Assemblies of Madeira and the Azores took part.

At its meeting of 13 May 1991 it considered the Commission proposal and draft report.

At the latter meeting it adopted the draft legislative resolution unanimously.

The following were present for the vote: Mr Waechter, chairman; Mr Maher, 1st vice-chairman; Mr Alexandre, 3rd vice-chairman; Mr Fitzgerald, rapporteur; Messrs Carvalho Cardoso (for Mrs Pack), Da Cunha, David, Duarte, Escuder Croft, Garcia Vasco (for Mr Calvo Ortega), Gutierrez Diaz, Harrison, Köhler, Lambrias, Lucas Pires, Medina (for Mrs Izquierdo), Melis, Nicholson, Ortiz Climent, Pereira, V, (for Mr Raffarin), Ribeiro (for M. Piquet), Staes and Stockmann (Obs.).

The explanatory statement will be presented orally in plenary sitting.

The opinions of the Committee on Agriculture, Fisheries and Rural Development and the Committee on Budgets are attached.

The report was tabled on 13 May 1991.

The deadline for tabling amendments is Tuesday, 14 May 1991 at 5 p.m.

A.

Commission proposal for a Council decision on setting up a programme of options specific to the remote and insular nature of Madeira and the Azores (POSEIMA)

Commission text <sup>1</sup>

Amendments

(Amendment No. 1)

First citation

Having regard to the Treaty establishing the European Economic Community,

Having regard to Articles 43, 113 130A and 235 of the Treaty establishing the European Community;

(Amendment No. 2)

Recital 1

Whereas the autonomous Portuguese regions of the Azores and Madeira belong politically and economically to the Community by virtue of the Act of Accession, which did, however, recognize some of their specific characteristics by allowing various isolated exceptions in the application of the common policies;

Whereas the autonomous Portuguese regions of the Azores and Madeira by virtue of the Portuguese Constitution and the Act of Accession are fully integrated institutionally, politically and economically in the Community;

Whereas Portuguese laws and the Act of Accession do, however, provide for a few exceptions in the application of common policies in recognition of certain special features of the autonomous regions.

1) Full text: COM(90) 687 - OJ No. C 81 of 26.3.91, p.8

Whereas the Member States, in a joint declaration annexed to the Act of Accession; called on the Community Institutions to devote special attention to the development of policies of the two regions; the object of which is to overcome the handicaps of these regions; which arise from their geographical situation, far away from the mainland of Europe, their physical geographical features; the serious deficiency of infrastructures and their economic backwardness;

Whereas the Member States, in a joint declaration annexed to the Act of Accession:

- ... 'recall that the fundamental objectives of the European Economic Community comprise the constant improvement of living and working conditions of the peoples of the Member States and the harmonious development of their economies by reducing the variation between the different regions and the backwardness of the less-favoured regions.

- ... note the fact that the Government of the Portuguese Republic and the authorities of the autonomous regions of the Azores and Madeira are pursuing an economic and social development policy the object of which is to overcome the handicaps of these regions, which arise from their geographical situation, far away from the mainland of Europe, their physical geographical features, the serious deficiency of infrastructures and their economic backwardness.

- ... recognize that it is in their common interest that the final objectives set by this policy be attained and recall that specific provisions concerning the autonomous regions of the Azores and Madeira had been adopted in the instruments of accession through specific derogations in the application of Community policies'

- '... agree to recommend to this end that the Community institutions devote special attention to the realization of the above objectives';

(Amendment No. 4)

Recital 3(a) new

Whereas Europe, whose civilization is firmly based in universalist historical tradition, needs to improve the means at its disposal to enable it to form closer contacts with other continents;

(Amendment No. 5)

Recital No. 3(b) (new)

Whereas the Single Market must not close Europe in on itself, but on the contrary must be seen as a new means of opening Europe up to other cultures and continents and it is therefore necessary to adopt specific amendments in respect of the various Community policies when applied to regions located in a strategic position between continents;

(Amendment No. 6)

Recital No. 3(c) (new)

Whereas owing to their proximity to other continents the Azores and Madeira are strategically placed to play an inter-continental role and can significantly benefit Europe by disseminating European culture and European social and economic achievements to other continents;

(Amendment No. 7)

Recital No. 3(d) (new)

Whereas the amendments to Community policies in respect of these regions should not be undertaken in a negative spirit of resignation but should rather seek to exploit the natural and geographical advantages of these islands for their own development, which will inevitably benefit the Community as a whole;

(Amendment No. 8)  
Recital No. 3(e) (new)

Whereas the Azores and Madeira offer a number of potential geographical advantages due to their position in mid-Atlantic and that it is therefore advisable to promote the economic and social development of these islands to ensure that the single market takes full advantage of the opportunities offered by the geographical situation of the Azores and Madeira and their historic ties with other continents;

(Amendment No. 9)  
Recital 3(f)(new)

Whereas the geographical situation of these islands makes transport a question of top priority and whereas they provide especially suitable conditions for certain specific activities such as agriculture and stockbreeding in the Azores and floriculture in Madeira;

(Amendment No. 10)

Recital D

D. Whereas the Azores and Madeira suffer from a serious structural lack of development aggravated by a number of constraints (remoteness, isolation, small size, difficult terrain and climate) whose unchanging nature and combined impact have serious effects on their economic and social development and place them among the least-favoured regions of the Community; whereas these special constraints make it necessary to step up Community support in order to ensure that the Azores and Madeira are fully involved in the dynamic of the internal market; whereas this Community support takes the form of operations under the reformed structural Funds (enjoying the priority given to the Objective 1 regions), but must also ensure that the special constraints affecting the Azores and Madeira are taken into account in the application of common policies,

D. Whereas the Azores and Madeira suffer from a series of natural handicaps because they are islands with mountainous terrain and far from both continental Portugal and the rest of the Community;

D. bis Whereas, in addition to these natural disadvantages the Azores and Madeira also suffer from weaknesses in their productive structures such as low productivity in agriculture, a small and under-capitalized industrial base and deficiencies in their educational and training systems;

D. ter. Whereas the Community's common policies, in particular the Common Agricultural Policy, do not take proper account of the effects of the special climate and growing conditions in the Azores and Madeira and the small size of farms;

D. quater. Whereas the Azores and Madeira are in consequence amongst the poorest regions of the Community and must therefore be given priority with regard to aid from the Community's structural funds, whose objective is to increase social and economic cohesion in the Community, and should benefit from concessions in the application of the Community's common policies in accordance with the Community approach to the remoter regions, of which the adoption and implementation of the POSEIDOM programme for the French overseas departments is the first practical example;

Whereas additional financial aid and special legislative concessions should be coherent and their effects coordinated;



(Amendment No. 11)

New recital

Whereas an appropriate mix of legislative derogations and financial assistance can enable the two autonomous regions to overcome their handicaps and draw maximum benefit from their natural advantages including, in particular, their relative proximity to, and traditional links with, other continents.

(Amendment No. 12)

New recital

Whereas the Azores and Madeira cannot benefit directly from major Community programmes to create Trans-European transport networks and thus reduce the costs of 'peripherality'; whereas measures to give equivalent benefit are therefore justified;

(Amendment No. 13)

Recital 10

J. Whereas Community rules must take account of the specific nature of the Azores and Madeira and permit their economic and social development, particularly in those areas where the fragile nature of island territories is particularly acute, such as transports, taxation, the social sector, research and development, or the protection of the environment in view of the vulnerability of the Azores and Madeira to the risks of environmental or natural disasters;

J. Whereas Community rules must take account of the specific nature of the Azores and Madeira and promote their economic and social development, particularly in areas, such as transport, agriculture, fishing, taxation, supplies, energy, the social sector, (e.g. professional training and pilot projects in SME's), research and development, and the protection of the environment in view of the vulnerability of the Azores and Madeira to the risks of environmental or natural disasters;

(Amendment No. 14)

New recital

New recital

Whereas the rules and operating conditions of the European Investment Bank should also be modified to take into account the specific nature of the Azores and Madeira;

(Amendment No. 15)

Recital No. 14(a) new

Whereas it is essential to give the working population in the Azores and Madeira social working and living conditions on a par with those obtaining on the Portuguese mainland and in the Community in accordance with the principle of upwards harmonization.

(Amendment No. 16)

Recital 17

Whereas the special production conditions in the Azores and Madeira require that particular attention be paid to applying the common agricultural policy to this region;  
(rest unchanged)

Whereas the aptitude of the Azores and Madeira for certain activities and the special production conditions obtaining there require  
(rest unchanged)

(Amendment No. 17)

Recital 17a (new)

Whereas the agricultural structures in Madeira and the Azores are the outcome of a long process of human exploitation of the natural resources and have been severely restricted in some cases owing to the insular and remote nature of these regions; whereas the Community's present social and structural regulations are ill-suited to solving the problems posed by these agricultural structures since they were conceived with quite different problems in mind;

(Amendment No. 18)  
After Recital Q add a new recital

Whereas additional and specific measures are required to expand fishing and fish processing in the archipelagos, to draw full advantage from the large exclusive economic zone that each archipelago enjoys;

(Amendment No. 19)  
Recital No. 17(a) (new)

Whereas conditions on the Azores are exceptionally suited to the production of dairy products, and although the Azores have traditionally specialized in this sector, dairy production on the Azores has not received the kind of aid for modernization or quality enhancement measures that enabled the dairy sector in most Community countries decades ago - and most recently even in the regions of mainland Portugal - to become highly developed;

(Amendment No. 20)  
Recital No. 17b (new)

Whereas the imposition of a restrictive Community policy in a region such as the Azores where the dairy sector is much more backward than in most of the rest of the Community, would, in effect, amount to a discriminatory policy placing the Azores at a disadvantage compared with the rest of Community regions;

(Amendment No. 21)  
Recital No. 17c (new)

Whereas the milk sector plays an overwhelmingly important role in the productive sector in the Azores as a whole and there are no comprehensive economically and socially viable alternatives in agriculture which are more advantageous;

(Amendment No. 22)  
Recital No. 17d (new)

Whereas dairy production in the Azores - as in the rest of the Community - is subject to quotas and aid for the modernization, diversification and quality enhancement of dairy products in the Azores, far from increasing pressure on the Community dairy market may actually help ease the situation, insofar as it enables the volume of dairy exports to non-Community markets to be increased;

(Amendment No. 23)  
Recital No. 17e (new)

Whereas practice in the five years since Portuguese accession has shown that the form in which Community agricultural investment aid legislation is conceived and implemented (Regulation EEC/797/85) fails to take into account the modernization and development requirements of the sector and it is therefore necessary to amend the application of Community legislation in the Azores;

(Amendment No. 24)  
Recital No. 17f (new)

Whereas, if the single market is to be fully implemented and if relations with third countries are to become more transparent, protectionist trade structures based on national import quotas must be overcome; whereas the CAP is not sufficiently attuned to the needs of Community tropical agriculture nor to the need to foster tropical agricultural aid schemes which promote the diversification of European agriculture and avoid unnecessary conflicts of interest with third countries;

(Amendment No. 25)  
Recital No. 17g (new)

Whereas as a result of developments in agriculture and stockbreeding and wine-growing in the Azores, many areas are already being withdrawn from cultivation and abandoned, a trend which is likely to increase still further in future, and these areas could, and should, therefore be used for forestry;

(Amendment No. 26)  
Recital No. 17h (new)

Whereas coastal fishing in the Portuguese autonomous regions of the Azores and Madeira accounts for a significant percentage of the population working in the primary sector; whereas it contributes significantly to the GNP of these regions and export earnings; whereas it not only plays a social and economic role but also uses resources in a traditional and balanced way; whereas because producers' organizations were not set up in time, this sector is now faced with a serious crisis which may have a number of very adverse effects for the regions concerned;

(Amendment No. 27)  
Recital No. 18a (new)

Whereas environmental issues are particularly important for Madeira and the Azores, since these regions are highly vulnerable to problems regarding the depletion of soils and ecosystems in natural parks and reservations, ecological disasters affecting the coastline and waters of the economic exclusion zone, coastline erosion caused by the sea and winds and natural disasters, such as earthquakes, cyclones, torrential rainfall and volcanic eruptions;

(Amendment No. 28)  
After Recital T add a new recital

Whereas it is essential, in the interests of their economic and social development, that the two autonomous regions improve their educational and training systems and that the existing institutions of higher education be properly resourced and their research and development programmes supported;

(Amendment No. 29)  
Article 2

The financial resources required to implement the measures relating to agricultural structures appearing in this programme shall be determined in the annual budgetary procedures.

The financial resources and the appropriate budgetary nomenclature required to implement the measures contained in this programme shall be determined in the annual budgetary procedures.

(Amendment No. 30)  
Article 2a (new)

The Commission shall supply Parliament and the Council with details of the implementation and results of the POSEIMA programme before 1 October of each financial

year.

(Amendment No. 31)  
Article 3

This Decision shall take effect on  
..... 1991.

This Decision shall take effect not  
later than 31 October 1991.

PROGRAMME OF OPTIONS SPECIFIC TO THE REMOTE AND INSULAR NATURE  
OF MADEIRA AND THE AZORES (POSEIMA)

(Amendment No. 32)

Annex Title 1

Paragraph 3.1, first indent (new)

- better establishment of the culture and the social and economic achievements of the European Communities in other continents through the autonomous regions of the Azores and Madeira;

(Amendment No. 33)

Annex Title 1

GENERAL PRINCIPLES

3.3 The drafting, implementation, monitoring and evaluation of the operations and measures contained in POSEIMA will be carried out in partnership by the Commission of the competent national regional authorities. Efforts will be made to ensure that POSEIMA operations and those conducted at national and regional levels complement each other as far as possible.

3.3 The drafting, implementation, monitoring and evaluation of the operations and measures contained in POSEIMA will be carried out in partnership by the Commission and the competent national and regional authorities. Efforts will be made to ensure that POSEIMA operations and those conducted at national and regional levels are coordinated and complement each other as far as possible.

(Amendment No. 34)

Annex Title 1, paragraph 4

Insertion of one word

4. The measures and operations contained in POSEIMA should enable the specific nature and constraints of the Azores and Madeira to be taken into account without undermining the integrity and coherence of the Community legal order.

4. The measures and operations contained in POSEIMA should enable the specific nature, the advantages and constraints of the Azores and Madeira to be taken into account without undermining the integrity and coherence of the Community legal order.



(Amendment No. 35)  
Annex  
Title III, paragraph 6

6. Directives or other measures adopted in connection with the internal market and other common policies will have to take account of the special characteristics of the Azores and Madeira and make their economic and social development possible, particularly in the fields of transport and taxation, social matters, research and technological development (without prejudice to the Community framework programme on this topic), and protection of the environment.
6. Directives or other measures adopted in connection with the internal market and other common policies will have to take account of the special characteristics of the Azores and Madeira and contribute to their economic and social development, particularly as regards transport and in the fields of agriculture and fisheries, taxation, tourism, supplies and energy, social matters, craft industries and SMU's, research and technological development (without prejudice to the Community framework programme on this topic) and protection of the environment.

(Amendment No. 36)  
Annex  
Title III, paragraph 6a(1) (new)

- 6a(1). The regions must have regular transport links which are as inexpensive as possible, in particular air links, and the transport system must be given priority in any measures or provisions.

(Amendment No. 37)  
Annex  
Title III, paragraph 7.1.

- 7.1. Due allowance will be made in the Community tax regulations for the special characteristics of the Azores and Madeira to admit an indirect taxation system specific to these regions, compatible with the rules of the Treaty and capable of promoting their economic and social development.
- 7.1. Due allowance will be made in the Community tax regulations for the special characteristics of the Azores and Madeira to admit a direct and indirect taxation system specific to these regions, compatible with the rules of the Treaty and capable of promoting their economic and social development.

(Amendment No. 38)  
Annex  
Title III, paragraph 7.1.a (new)

7.1.a As part of the same specific tax policy, measures must also be taken in the area of direct taxation to enable companies based in the Azores and Madeira to increase their capital and reserves and also to encourage new investment.

Annex  
Title IV, paragraph 9.1.

(Amendment No. 39)  
Annex  
Title III, paragraph 7.1.b (new)

Any loss of revenue to the budgets of the autonomous regions that results from such measures shall be offset by transfers of Community funds.

(Amendment No. 40)  
Annex  
Title III, paragraph 7.3.

A special arrangement for excise duties on manufactured tobacco, spirits and other alcoholic beverages and petroleum products after December 1992 taking account of the problems of extreme remoteness will have to be incorporated into the general framework of the Commission's proposals on excise duties.

The general framework of the Commission's proposals on excise duties shall include a special arrangement to permit the abatement of such duties on manufactured tobacco, spirits and other alcoholic beverages, and petroleum products sold in the Azores and Madeira after 31 December 1992.

(Amendment No. 41)

Annex

Title III, paragraph 8

The Community and the Member State will develop any actions to enable the many different Community airlines, particular local airlines, to serve the Azores and Madeira in the interest of their development.

The Commission will consult airline companies and the Portuguese authorities regarding the most suitable means of increasing air services to, and between the archipelagos; the Commission will, if appropriate, propose a series of incentives to national and Community authorities, without prejudice to existing services.

(Amendment No. 42)

Annex

Title III, paragraph 8a (new)

8a. Consideration should be given to the introduction of a Community social pass for air and sea transport for residents of these regions, so as to reduce the cost of travel between these regions and between them and mainland Portugal.

(Amendment No. 43)

Annex

Title IV, paragraph 9.1.

9.1. Within six months from the date on which this Decision takes effect, the Council or the Commission, as appropriate, will adopt the measures laid down in this article which are intended to alleviate the impact of the additional costs involved in maintaining supplies of agricultural products resulting from the remote and insular nature of the Azores and Madeira.

9.1. Within six months from the date on which this Decision takes effect, the Council or the Commission, as appropriate, will adopt the measures laid down in this article which are intended to alleviate the impact of the additional costs involved in maintaining supplies of agricultural products and the factors of production resulting from the remote and insular nature of the Azores and Madeira.

(Amendment No. 44)  
Annex  
Title IV, paragraph 9.2

In the case of essential agricultural products for consumption or processing in the two regions, this Community action will consist, within the limits of local market requirement and taking into account local production and traditional trade flows, in:

- exempting from level and/or customs duties products originating in non-member countries,
- permitting, in parallel and in competition with products from non-member countries and on equivalent terms, the supply of Community products taken into intervention storage or available on the Community market.

In the case of essential agricultural products for consumption or processing in the two regions and agricultural production factors, this Community action will consist, within the limits of local market requirements and taking into account local production and traditional trade flows, in:

- exempting from level and/or customs duties as well as the compensatory amounts provided for in Article 240 of the Accession Treaty products originating in non-member countries,
- permitting, in parallel and in competition with products from non-member countries and on equivalent terms, the supply of Community products taken into intervention storage or available on the Community market, with exemption from ACA's.

The principles underlying the application of this system will be as follows: The principles underlying the application of this system will be as follows:

- in order to ensure that these measures have an impact on the level of production costs and consumer prices, a mechanism will have to be set up to monitor this impact up to the end-user stage;
- with respect to raw sugar supplies for the Azores, the system will be applicable until such time as local production of sugar beet is sufficient to satisfy local market needs and as long as the total volume of sugar refined in the Azores does not exceed 10.000 tonnes.

- the effects of these measures shall be monitored to ensure that they reduce production costs and final consumer prices;
- with respect to raw sugar supplies for the Azores, the system will be applicable until such time as local production of sugar beet is sufficient to satisfy local market needs and as long as the total volume of sugar refined in the Azores does not exceed 10.000 tonnes.

- with respect to supplies of compound feedingstuffs in Madeira, the system will be applied temporarily pending an increase in capacity and the modernization of the industry producing these feedingstuffs subject to the limits of local market needs and taking account of local production. This measure could be applied for three marketing years for the products coming under CN Codes 2309 90 31, 33, 41, 43, 51 and 53.

- with respect to supplies of compound feedingstuffs in the two autonomous regions, the system will be applied, without prejudicing local production, until the local industry producing these feedingstuffs is modernized and capacity can satisfy local demand. This measure may be applied for three marketing years for the products coming under CN Codes 2309 90 31, 33, 41, 43, 51 and 53.

(Amendment No. 45)

Annex

Title IV, paragraph 9.3.

9.3. In the Azores, for the purposes of genetic improvement, aid may be granted for the purchase of male breeding animals originating in the Community (beef breeds).

9.3. In the Azores, for the purposes of genetic improvement, aid may be granted for the purchase of male breeding animals originating in the Community.

(Amendment No. 46)

Paragraph 10.3

10.3. The reference year for the calculation of Community aid will be 1989: account will be taken only of the costs of sea transport - and not of the cost of storage and distribution on the islands - on the basis of the quantities of petroleum products actually transported in 1989, the average transport costs by category of product in 1989 and the average ecu/escudo exchange rate in that year.

10.3 Community aid shall be equal to the cost, as defined in paragraph 10.2, of quantities transported in 1989; the amount due shall be calculated using the average cost of transporting each category of product and the average ecu/escudo exchange rate in 1989; the amount will be adjusted each year for inflation;

(Amendment No. 47)  
Paragraph 10.4

10.4 Aid will be granted for three years from 1 January 1991 up to 31 December 1993; during these three years annual community aid will remain constant and equal to the extra cost of supplies, as defined above, in the reference year (1989).

10.4 Aid will be granted for an initial period of three years from 1 January 1991 up to 31 December 1993; during these three years annual community aid will remain constant in real terms and equal to the extra cost of supplies, as defined above, in the reference year. At the end of this initial three-year period, the system of specific Community aid to compensate for the extra cost of supplying oil to the Azores and Madeira shall be reviewed in the light of economic developments and the effect of the provisions of paragraph 10.5. and a decision shall be taken on whether or not to extend it.

(Amendment No. 48)  
Paragraph 10.5.

10.5. Community aid will be granted subject to the condition that over the same period the beneficiary regions devote at least 50% of the amount of Community aid to incentive programmes to promote investment in energy saving and the development of local, renewable energy sources to improve the situation of energy supply and demand on the islands. The regional authorities will present an annual report to the Commission to enable it to monitor observance of this condition.

10.5. During the period of application of the aid the Autonomous Regions will promote investment in energy saving and the development of local energy sources that are both economically viable and do not damage the environment, to bring energy supply and demand on the islands more closely in to balance. The Governments of the Autonomous Regions will inform the Commission each year of the progress of these investments;

(Amendment No. 49)  
Annex  
Title IV, paragraph 12a (new)

12a. Consideration shall be given to the possibility of introducing Community aid to reduce sea and air freight costs between these regions as well as between them and mainland Portugal.

(Amendment No. 50)  
Annex  
Title IV, paragraph 12b (new)

12b. Goods and materials to be used for implementing infrastructures and capital goods to be used exclusively in the Azores and Madeira free zones shall be exempt from VAT and any applicable customs duties.

(Amendment No. 51)  
Title IV bis (new)  
Specific measures to support fishing in Madeira and the Azores

The Commission will propose measures financed from the EAGGF - Guidance section and the Common Fisheries Policy to expand local fishing with the aim of increasing significantly the total quantity of fish landed by local companies;

An economic analysis and a forward planning study of the fishing sector and the viability of fish processing will be financed;

Technical and financial assistance in enforcing the Exclusive Economic Zone will be made available to the autonomous regions.

(Amendment No. 52)  
Annex  
Title IV bis (new)

In order to enable non-industrial inshore fishermen in the Azores to set up producers' organizations, the provisions of Regulation (EEC) No. 3796/81 shall be extended by a further five years from 1 January 1991.

(Amendment No. 53)  
Annex  
Title IV bis (new)

Given the importance of the fishery sector for the Azores and Madeira, the Commission shall finance an overall survey of existing fishery resources, in particular of edible fish in the Azores and swordfish in Madeira, with a view to adopting measures for the rational exploitation of such species.

(Amendment No. 54)  
Title V

Specific measures to support products of Madeira and the Azores  
Paragraph 13

13. The Council, acting on a proposal from the Commission, will lay down provisions for bananas before 31 December 1992 with a view to the completion of the single market.

13. The Council, acting on a proposal from the Commission, and after consulting the European Parliament, will lay down provisions for bananas before 31 December 1992 with a view to the completion of the single market.

(Amendment No. 55)  
Annex

Title V, paragraph 14.2., introductory sentence  
and third indent

14.2. Measures for the fruit and vegetable and live plants and flowers sectors in the Azores and Madeira may take the form of:

14.2. Measures for the agriculture and fisheries sectors in the Azores and Madeira may take the form of:

(second indent)

- aid for the marketing of tropical products where the volume of trade does not exceed 3000 tonnes for each product and for each of the two regions, under marketing season contracts between producers in these regions and operators in other parts of the Community.

- aid for the marketing of tropical products under marketing season contracts between producers in these regions and operators in other parts of the Community.



(third indent)

- the funding of an economic analysis and forward planning study of the processed fruit and vegetable sector (particularly tropical fruit and vegetables).

(third indent)

- the funding of an economic analysis and forward planning study of products of the agricultural sector (particularly tropical products and wine) and fisheries and other natural resources, such as mineral water

(Amendment No. 56)

Annex

Title V, paragraph 14.4., fifth indent

- specific aid designed to ensure the survival of traditional economic activities in the milk sector,

- specific aid designed to ensure the restructuring and modernizing of traditional economic activities in and increase the production and productivity of the milk sector,

(Amendment No. 57)

Annex

Title V, paragraph 14.4., seventh and eighth indents (new)

- specific aid for stock breeding
- specific aid for forestry and related sectors.

(Amendment No. 58)

Annex

Title V, paragraph 14.4., seventh and eighth indents (new)

- specific aid for research into the exploitation, processing and marketing of forestry resources in the Azores,

(Amendment No. 59)

Annex

Title V, paragraph 14.4.a (new)

- 14.4.a A common organization of the market (COM) for Community tropical and sub-tropical products shall be established and shall include these two regions.

(Amendment No. 60)  
Annex  
Title V, paragraph 14.5.b (new)

14.5.b Since the Azores and Madeira constitute special cases, because of the absence of certain epizootics such as Newcastle disease and African swine fever, the Community shall recognize them as areas free of these diseases.

(Amendment No. 61)  
Annex  
Title V, paragraph 14.6.

- |  |   |
|--|---|
| 14.6. To encourage agricultural producers in the Azores to supply high-quality products and to promote the marketing of such products, the Community may finance the design and promotion of a logo for each of these regions. | 14.6. To encourage agricultural producers <u>and those in the fisheries and preserving sectors</u> in the Azores to supply high-quality products and to promote the marketing of such products, the Community may finance the design and promotion of a logo for each of these regions. |
|--|---|

(Amendment No. 62)  
Annex  
Title V, paragraph 14.7.

- |  |   |
|--|---|
| 14.7. Special exceptions may be made, on the basis of duly substantiated applications from the Portuguese authorities, to provisions restricting or preventing the granting of certain types of structural aid to reflect the special characteristics of agriculture in the Azores and Madeira, with due account being taken of the measures already adopted to assist Portugal. | 14.7. Special exceptions may be made, on the basis of duly substantiated applications from the Portuguese authorities, to provisions restricting or preventing the granting of certain types of structural aid to reflect the special characteristics of agriculture <u>and fisheries</u> in the Azores and Madeira, with due account being taken of the measures already adopted to assist Portugal. |
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(Amendment No. 63)  
Annex  
Title V, paragraph 14.7(a) (new)

Where the Portuguese authorities make a justified request, special aid may be granted for studying and conserving fisheries resources in Madeira and the Azores and for renovating and restructuring the fisheries fleet, support infrastructures and the processing industry.

(Amendment No. 64)  
Paragraph 14.8

14.8. New forms of structural assistance may also be envisaged within the framework of programmes to be submitted by the Portuguese authorities.

14.8. New forms of structural assistance may also be envisaged within the framework of programmes to be submitted by the Portuguese authorities after consulting the Autonomous Regions, in particular in the field of fisheries (marketing and refrigeration) for each region;

(Amendment No. 65)  
Annex  
Title V, paragraph 14.8.(a) and (b)

(a) Madeira:

- aids to improve and diversify production and to improve product quality, particularly in the case of wine, fruit and vegetables, flowers and live plants, animal products and forestry products;

(a) Madeira:

- aids for research and to improve and diversify production and to improve product quality, particularly in the case of wine, fruit and vegetables, flowers and live plants, animal products, fishery products and forestry products;

(b) the Azores:

- aids to improve and diversify production and to improve product quality, particularly in the case of milk, animal products, fruit and vegetables, flowers and live plants, wine and forestry products,

(b) the Azores:

- aids to improve and diversify production and to improve product quality, particularly in the case of milk, animal products, fruit and vegetables, flowers and live plants, wine, fishery products and forestry products,

(Amendment No. 66)  
Annex  
Title V, paragraph 14.8.a (new)

14.8.a In view of the fundamental and irreplaceable role of the dairy sector in the Azorean economy and society and the need to provide the Azores with the technical resources for milking and collecting and refrigerating milk which have been used in most regions of Europe for decades, an integrated programme shall be drawn up and implemented for the purposes of reparable land holdings and providing support for the supply of water and electricity, for investment in fixed refrigerating milking machines and for improving and diversifying the production of milk products.

(Amendment No. 67)  
Annex  
Title V, paragraph 15.1.

15.1. Community measures will be introduced to assist small businesses in the Azores and Madeira in the fields of occupational training, access to new technology and the use of such technology, and access to new markets.

15.1. Community measures will be introduced to assist small businesses in the Azores and Madeira in the fields of occupational training, access to new technology and the use of such technology, access to new markets and the creation of Business Innovation Centres (BIC) and seed capital funds.

(Amendment No. 68)  
Annex  
Title V, paragraph 15.3.a (new)

15.3.a The Commission and the Member State shall carry out all possible measures to promote the overall development of regional SMUs, in particular to increase their capitalization by setting up in each region a regional investment and share-capital enterprise and a stock exchange.

(Amendment No. 69)  
TITLE VI

Final provision

Paragraph 16

16. The Commission will report annually to the Council on progress in the implementation of the Poseima programme.

16. The Commission will report annually to the Council on progress in the implementation of the Poseima programme and, failing that, shall propose any adjustment measures deemed necessary to achieve the objectives laid down in Title I.

## DRAFT LEGISLATIVE RESOLUTION

embodying the opinion of the European Parliament  
on the Commission proposal for a Council decision setting up a  
programme of options specific to the remote and insular nature  
of Madeira and the Azores (POSEIMA)

### The European Parliament,

- having regard to the Commission proposal to the Council (COM(90) 0687 final)<sup>1</sup>,
  - having been consulted by the Council (C3-0099/91),
  - having regard to the report of the Committee on Regional Policy and Regional Policy and the opinions of the Committee on Agriculture, Fisheries and Rural Development and the Committee on Budgets (A3-0132/91),
1. Approves the Commission proposal subject to Parliament's amendments and in accordance with the vote thereon;
  2. Calls on the Commission to amend its proposal accordingly, pursuant to Article 149 of the EEC Treaty;
  3. Calls on the Council to notify parliament should it intend to depart from the text approved by Parliament;
  4. Calls for the conciliation procedure to be opened if the Council should intend to depart from the text approved by Parliament;
  5. Asks to be consulted again should the Council intend to make substantial modifications to the Commission proposal;
  6. Instructs its President to forward this opinion to the Council and Commission.

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<sup>1</sup> COM (90) 0687 final, OJ No. C 81, 26.3.91, p. 9

O P I N I O N

of the Committee on Agriculture, Fisheries and Rural Development  
for the Committee on Regional Policy and Regional Planning  
Draftsman: Mr José Vicente CARVALHO CARDOSO

At its meeting of 10/11 January 1991, the Committee on Agriculture, Fisheries and Rural Development appointed Mr Carvalho Cardoso draftsman.

At its meetings of 25/26 February 1991, 4/5 April 1991 and 18 April 1991, it considered the draft opinion.

At the last meeting it unanimously adopted the amendments.

The following took part in the vote: Colino Salamanca, chairman; Graefe zu Baringdorf, vice-chairman; Carvalho Cardoso, draftsman; Blaney, Bocklet, Dalsass, Domingo Segarra, Vasco Garcia, Görlach, Guillaume, Keppelhoff-Wiechert, Lane, Livanos, Marck, Simone Martin, Medina Ortega (for Gomes), Miranda da Silva (for Ainardi), Morris (for Newens), Pasty (for Killilea), Rothe, Santos Lopez, Sierra Bardaji, Simmonds, Stevenson, Vazquez Fouz, Verbeek and Vohrer.

1. The Commission has decided to take special measures in respect of all the remote areas in the Community so as to meet the specific problems they face and enable them to take advantage of the opportunities provided by the Single Market. The first such measure was the POSEIDON programme and this has now been followed by the programmes POSEICAN and POSEIMA.

2. POSEIMA is a pluriannual and multisectoral action programme in particularly sensitive areas such as agriculture, energy, transport, taxation and the environment and seeks to prepare the regions in question to meet the challenges posed by European integration. The POSEIMA programme consists on the one hand in specific measures implementing present Community policies in the above areas and on the other in measures seeking to offset the particular disadvantages facing the autonomous areas of Madeira and the Azores.

3. The remote areas are among the most under-developed in the Community and are therefore those least equipped to take due advantage of the opportunities offered by a Single Market. Their backwardness is due to structural shortcomings and above all their geographical location; it is therefore essential to establish a Community framework enabling businesses in these regions to compete on terms of equality with businesses elsewhere in the Community. The Commission's approach for applying Community policies to the remote regions therefore comprises not only Community support measures but also measures to adapt Community legislation to conditions in these regions, and notably agriculture, fisheries and taxation.

4. In drawing up POSEIMA, the Commission has fully understood the difficulties, problems and particular circumstances which have prevented the social and economic development of Madeira and the Azores, which are clearly the most disadvantaged remote regions of the Community: their problems can hardly be solved without the solidarity and assistance of the Community as expressed in this specific programme.

5. In addition to adapting existing Community legislation to the situation obtaining in these regions and using existing Community funds - the Community framework for aid for Portugal and the REGIS programme - the Community proposes that the Community should, acting within the framework of the POSEIMA programme, set aside specific resources directly or indirectly intended for agriculture and rural development over a three-year period. The aim of this measure would be as follows:

- (a) to subsidize supplies of essential agricultural products intended for consumption and the processing industry;
- (b) to subsidize the improvement or development of certain products (notably Madeira bananas, fruit and vegetables, flowers and live plants, dairy products, wine, tobacco, sugar cane, rum, honey and stock-farming);
- (c) animal and plant health measures;
- (d) support for craft industry products;
- (e) aid to offset the cost of energy supply;
- (f) aid for environmental protection measures.



6. Given the economic and social importance of the primary sector for the autonomous regions of Madeira and the Azores, the proposed measures in respect of agriculture are perfectly justified and, with a number of exceptions, are quite adequate.

However, it is hard to understand why fisheries which play an extraordinarily important role in these two regions has been excluded. For Madeira and the Azores account for more than 80% of Portugal's exclusive economic zone: given the vast fisheries potential in these areas - in terms of the size of fishing grounds and natural resources - it is essential for the future development of these regions that the problems which have so far impeded the full exploitation of fisheries should be overcome, opening the way to economic diversification.

The development of fisheries in these regions depends to a great extent on Community aid for measures to restructure and modernize production and marketing structures: this should not be refused.

7. The various measures proposed within the framework of POSEIMA for the agricultural sector cover almost all products from Madeira and the Azores and are clearly useful. However, the Commission has acted with undue caution in imposing ceilings on the quantities of products, areas of cultivation and yield per hectare eligible for certain types of aid. This is superfluous, given the limited area of agricultural land in these regions.

If production increases, this may lead to a greater - but only slightly greater - burden on the Community budget, but this is certainly preferable to a situation in which agriculture in these regions becomes uncompetitive. What is needed in this case is an increase in productivity and an improvement in the quality of products rather than restrictions which would have the opposite effect. It is undeniably preferable to make agriculture economically viable than to subsidize it. Since he has no specific proposals to make, your draftsman would merely ask the Commission to review or abolish the limits it proposes, and notably the following:

- the ceiling of 3000 tonnes for each tropical plant in Madeira as regards marketing subsidies;
- the restrictions of per-hectare aid for potato growing in Madeira to the present area;
- the ceiling of 10 000 tonnes of sugar as regards aid per hectare for the development of sugar beet in the Azores;
- the ceiling of 1700 hectares as regards temporary aid per hectare for the growing of vines to produce quality wines per in the Azores.

8. The Commission has also judiciously proposed a number of measures intended to alleviate the impact of the additional costs involved in maintaining supplies of essential agricultural products for consumption or processing and of certain petroleum products resulting from the remote and insular nature of Madeira and the Azores.

For the same reasons - and in order to maximize the effect of the measures to assist agriculture in these two regions - the scope of this aid should be extended to cover imported agricultural products, and notably agricultural machinery and tools, fertilizers and soil enhancement products, pesticides and herbicides, seeds and veterinary drugs.

9. Animal husbandry plays a very important economic and social role in the autonomous region of the Azores, accounting for 29.3% of total GNP and 62.4% of agricultural GNP. Cattle predominate and in 1989 there were 180 000 head of cattle, including 75 000 dairy cattle, producing an estimated 265 million litres of milk, representing 20% of total Portuguese production. Since a temporary exemption from the system of milk quotas will not in itself bring any improvement in the present structural shortcomings, a set of specific measures is necessary in respect of dairy products covering the following areas: research processing, transport, stocking, marketing, and sales promotion.

10. The agricultural structures of Madeira and the Azores are the result of a long process of five centuries of human exploitation of the natural resources and have been severely restricted in some cases owing to the insular and remote nature of these regions.

The Community's present social and structural legislation is not suited to dealing with the problems posed by these agricultural structures, since it was designed for quite different circumstances.

In addition to the adjustments already made to certain Community regulations, the Community should promote a far-reaching set of structural measures adapted to the specific situation in Madeira and the Azores which should be endowed with sufficient resources and cover sufficiently long periods to be effective and produce lasting results.

11. Environmental questions are of paramount importance for Madeira and the Azores partly due to the fragile ecological balance in these regions but chiefly to the close link between the environment and various aspects of social and economic development (essentially rural) in these regions. The following measures are particularly necessary:

- the protection of soil and the ecosystems in natural parks and reservations which are unique in the world;
- measures to prevent and combat ecological disasters affecting the shore and waters of the exclusive economic zone (monitoring must be stepped up in these areas);
- measures to prevent serious erosion of the coastline by the sea and the winds;
- measures to limit the damage caused by natural disasters such as earthquakes, cyclones and torrential rains to which these regions are particularly prone by virtue of their geology and climatic conditions.

The Community would therefore be advised to make a scientific, technical and financial contribution to environmental protection measures and measures to mitigate the consequences of natural disasters.

12. Finally, it should be stressed that, despite the undoubted merits of this programme, the Community financial contribution is inadequate to meet the needs of these two autonomous regions and the period of application of the measures in question is too short.

An increase in the budgetary endowment and an extension of the period of implementation are needed if the programme is to achieve its goals.

The Committee on Agriculture, Fisheries and Rural Development calls on the Committee on Regional Policy and Regional Planning, as the committee responsible, to incorporate the following amendments in its report:

Commission text<sup>1</sup>

Amendments

(Amendment No. 1)

Recital 17a (new)

Whereas the agricultural structures in Madeira and the Azores are the outcome of a long process of human exploitation of the natural resources and have been severely restricted in some cases owing to the insular and remote nature of these regions; whereas the Community's present social and structural regulations are ill-suited to solving the problems posed by these agricultural structures since they were conceived with quite different problems in mind;

(Amendment No. 2)

Recital No. 18(a) (new)

Whereas environmental issues are particularly important for Madeira and the Azores, since these regions are highly vulnerable to problems regarding the depletion of soils and ecosystems in natural parks and reservations, ecological disasters affecting the coastline and waters of the economic exclusion zone, coastline erosion caused by the sea and winds and natural disasters, such as earthquakes, cyclones, torrential rainfall and volcanic eruptions;

<sup>1</sup> Complete text: See COM(90) 0687 final

Commission text

Amendments

(Amendment No. 3)

ANNEX, TITLE III, paragraph 6

Directives or other measures adopted in connection with the internal market and other common policies will have to take account of the special characteristics of the Azores and Madeira and make their economic and social development possible, particularly in the fields of transport and taxation, social matters, research and technological development (without prejudice to the Community framework programme on this topic), and protection of the environment.

Directives or other measures adopted in connection with the internal market and other common policies will have to take account of the special characteristics of the Azores and Madeira and make their economic and social development possible, particularly in the fields of agriculture and fisheries, transport, taxation, tourism, social matters, craft industries and smes, research and technological development (without prejudice to the Community framework programme on this topic), and protection of the environment.

(Amendment No. 4)

Annex, Title IV, Paragraph 9.2

In the case of essential agricultural products for consumption or processing in the two regions, this Community action will consist, within the limits of local market requirements and taking into account local production and traditional trade flows, in:

In the case of essential agricultural products for consumption or processing in the two regions and agricultural production factors, this Community action will consist, within the limits of local market requirements and taking into account local production and traditional trade flows, in:

Commission text

Amendments

(Amendment No. 5)

ANNEX, TITLE IV, paragraph 9.2

(Second indent)

- permitting, in parallel and in competition with products from non-member countries and on equivalent terms, the supply of Community products taken into intervention storage or available on the Community market.

- permitting, in parallel and in competition with products from non-member countries and on equivalent terms, the supply of Community products taken into intervention storage or available on the Community market, exempted from ACAs.

(Amendment No. 6)

ANNEX, TITLE IV, paragraph 9.3

In the Azores, for the purposes of genetic improvement, aid may be granted for the purchase of male breeding animals originating in the Community (beef breeds).

In the Azores, for the purposes of genetic improvement, aid may be granted for the purchase of male breeding animals originating in the Community (cattle, pigs, chicks and hatching eggs).

(Amendment No. 7)

ANNEX, TITLE V, paragraph 14.2

(Third indent)

- the funding of an economic analysis and forward planning study of the processed fruit and vegetable sector (particularly tropical fruit and vegetables).

- the funding of an economic analysis and forward planning study of the processed fruit and vegetable sector (particularly tropical agricultural products, wine and certain natural resources, such as mineral water).

(Amendment No. 8)

ANNEX, TITLE V, paragraph 14.7(a) (new)

Where the Portuguese authorities make a justified request, special aid may be granted for studying and conserving fisheries resources in Madeira and the Azores and for renovating and restructuring the fisheries fleet, support infrastructures and the processing industry.

(Amendment No. 9)

ANNEX, TITLE V, paragraph 14.8(a)

This amendment does not apply to the English version

(Amendment No. 10)

ANNEX, TITLE V, paragraph 14.8(b)

after the second indent (new indent)

- aid for the development of fisheries

(Amendment No. 11)

ANNEX, TITLE VI, final provision

16. The Commission will report annually to the Council on the progress in the implementation of the POSEIMA programme.

16. The Commission will report annually to the Council and to the European Parliament on progress in the implementation of the POSEIMA programme.

(Amendment No. 12)

FINANCIAL STATEMENT

Point 2, heading

Measures to improve agricultural structures (1991-93)

Socio-structural measures concerning agriculture and fisheries

(Amendment No. 13)

FINANCIAL STATEMENT

Point 2, after the second indent (new indent)

2. Measures to improve agricultural structures (1991-93)

2. Measures to improve agricultural structures (1991-93)

- other products ECU 9 m

- other products ECU 9 m

- natural disaster fund ECU 6 m

- development of fisheries ECU 9 m

O P I N I O N

(Rule 120 of the Rules of Procedure)

of the Committee on Budgets  
for the Committee on Regional Policy and Regional Planning  
Draftsman: Mr Miguel ARIAS CAÑETE

At its meeting of 5 February 1991 the Committee on Budgets appointed Mr Arias Cañete draftsman.

At its meeting of 24 April 1991 the committee considered the draft opinion and adopted the conclusions unanimously.

The following were present for the vote: von der Vring, chairman; Lamassoure, vic-chairman; Arias Cañete, rapporteur; Blot, Colom i Naval, da Cunha Oliveira (for Cot), Forte, Langes, Medina Ortega (for Arbeloa Muru), Miranda da Silva, Napoletano (for Colajanni), Pasty and Wynn.

1. The Committee on Budgets welcomes the introduction, alongside the programme for the Canary Islands, of the support programme for Madeira and the Azores. The programme takes into account the constraints on the economic and social development of the islands and seeks to ensure their full integration into the single market process while endeavouring to compensate, as far as possible, for the effects of their remote location.
2. The committee emphasizes the limited amount of budgetary resources provided for by the Commission in the annexed financial statement, which appear to be insufficient to cover the declared objectives and finance the measures set out in the programme.
3. It is concerned at the fact that, while the measures contained in the programme should be implemented by 31 December 1992, under the annexed financial statement structural measures will depend on the availability of resources in addition to those already agreed for the period up to 31 December 1993 in the Community support framework or currently under discussion for the REGIS scheme.
4. Given the shortage of available resources, the full financial impact of the programme should be taken into account, including that arising from amendments adopted by Parliament when the 1992 budget is established. For this reason, the committee urges the Commission to submit appropriate proposals in its preliminary draft budget for 1992.
5. In addition, the funding for the various existing measures and those envisaged under the POSEIMA programme is to some degree spread over various budget headings. In order to prevent this, the committee believes that a specific heading should be created in the 1992 budget to guarantee the financing of the programme and, as far as possible, bring together the present diverse sources of funding.
6. As a transitional measure, the committee believes that in the 1991 financial year, the PERIFRA programme, which receives ECU 40 m in commitment appropriations and ECU 10 m in payment appropriations under budget heading B2-610, can finance two pilot projects in Madeira and the Azores respectively. The objectives of PERIFRA refer expressly to peripheral regions of the Community and Madeira and the Azores are among the most depressed of such regions. It would therefore be possible in this context to earmark ECU 15 m in commitment appropriations and ECU 3 m in payment appropriations for these regions.
7. Lastly, the committee believes that it would be particularly useful for Parliament to be punctually informed about the implementation and results of the POSEIMA programme and that the Commission should provide it with detailed information each year.



8. The Committee on Budgets therefore calls on the Committee on Regional Policy and Regional Planning, as the committee responsible, to include in its report the following amendments to the Commission proposal:

**Commission text**

**Amendments**

(Amendment No. 1)

Article 2

The financial resources required to implement the measures relating to agricultural structures appearing in this programme shall be determined in the annual budgetary procedures.

The financial resources required to implement the measures appearing in this programme shall be determined in the annual budgetary procedures.

(Amendment No. 2)

Article 2a (new)

2a. The Commission shall supply Parliament and the Council with details of the implementation and results of the POSEIMA programme before 1 October of each financial year.

TRANSLATOR'S NOTE: The English and Spanish versions of the Commission text do not correspond exactly.

